

MAFI
Roll-on/Roll-off
and Industrial Trailer systems
up to 200 tons.
Telephone: Guildford 76815/76816
Telex: 85457 Prefix "Mafi Guildford"

King & Co
Agents & Valuers
of industrial
and commercial
property

Dollar crisis—top-level talks in London • Foreign exchange & gold markets to be closed again to-day

U.K. seeks to align policy with EEC

BY WILLIAM KEEGAN, ECONOMICS CORRESPONDENT

The British Government is to press for an early meeting of the Group of Ten top finance and economic Ministers to decide on a concerted programme of measures to solve the present international monetary crisis, following President Nixon's surprise weekend economic measures.

But before the meeting of the Group of Ten can be arranged, Ministers want to discuss the effect of President Nixon's statement with the members of the EEC. British officials have already been in touch with representatives of West Germany, Italy and France to convene a meeting at official level in the next few days. The British Government is particularly anxious to co-ordinate its policy with its future partners in the EEC.

The decision was taken at an hour-long emergency Cabinet meeting at 10, Downing Street last night, from which Ministers emerged determined to seek an agreed international solution to the crisis and to avoid any unilateral reaction.

Parity changes

The Cabinet meeting took place while another session of leading U.S. and European monetary officials was drawing to a close at a U.S. Embassy house in Kensington.

At a Press conference at the U.S. Embassy afterwards, the U.S. Under-Secretary to the Treasury, Mr. Paul Volcker, said he recognised that the President's package might lead "in some cases" to exchange-rate changes, but that whether the dollar floated or not would depend

on whether other currencies floated. "In this business," he said, "it takes two to tango." As a result of the U.S. measures, Mr. Volcker went on, "we can possibly work more forcefully than before towards solutions." But the U.S. was not going to lay down a blueprint for the international monetary system, and it would not be useful to have a conference on the lines of the Bretton Woods conference of 1945.

The U.S. Treasury Under-Secretary was accompanied by Mr. Dewey Daane, a governor of the Federal Reserve Board. He emphasised that his purpose in Europe was consultative, and that "at the meetings so far we have met a very good understanding of our problems and of the manner in which the programme is designed to meet them."

Import surcharge

The meeting between Mr. Volcker and top European financial officials lasted two and a half hours. Germany was represented by Herr Johann Schoellhorn, State Secretary at the Economics Ministry. Dr. Othmar Emminger, vice-president of the Bundesbank, and Dr. Wilhelm Hankel, from the Ministry's money and credit section.

The French representatives were Mr. Claude Pierre-Grosselette, director of the Ministry, and Mr. Bernard Clappier, first vice-governor of the Banque de France. From the U.K. there were Mr. Alan Neale, second permanent secretary at the Treasury, and Mr. Jeremy Morse, an executive director of the Bank of England.

Before Mr. Volcker's meeting with these

officials he had had talks lasting about 30 minutes with the Chancellor Mr. Anthony Barber. He is due to leave the U.K. to-day for further discussions in Paris and Bonn. At his Press conference, Mr. Volcker made it clear that the 10 per cent. surcharge only applied to some 50 per cent. of total U.S. imports, and that it applied to the landed value. Because of the existing legislation of car duties, the duty on imported cars could only be raised from 31 per cent. to 10 per cent.

Following President Nixon's surprise announcement early in the day of sweeping measures to stem the dollar outflow and revive the U.S. economy, official dealings in most foreign exchange centres were stopped, and the principal subject of discussion was about what form the widely-expected devaluation of the dollar would assume. The London gold market also closed.

In Tokyo, the Bank of Japan took in a record \$700m. at the old rate of exchange after the U.S. announcement. Most European foreign exchange markets were officially closed, and are expected to remain so to-day. Where dealings took place in other centres yesterday, the dollar was effectively floating well beneath its official floor, and rates of up to \$2.55 to the pound were being quoted for travellers' cheques, against an official upper limit of \$2.42 to the pound.

Nixon's main points

From other countries' points of view, the key items in the President's package were the temporary suspension of the convertibility of the

dollar into gold, and the temporary 10 per cent. surcharge on imports of manufactured goods into the U.S.

The surcharge was being widely interpreted as a bargaining counter to force other countries to revalue against the dollar. President Nixon said in a key passage that it was an action "to make certain that American products will not be at a disadvantage because of unfair exchange rates. When the unfair treatment is ended, the import tax will end as well."

Yesterday evening, it was announced that the London foreign exchange market would again be closed to-day. The Swiss and Italian markets are also to remain shut, but Tokyo was again expected to open. The French market was closed for the Assumption Day holiday yesterday, but is unlikely to reopen to-day.

Reaction sought

The Common Market Commission is to hold an emergency meeting in Brussels to-day to consider the Community's position following the package. In an official statement, the Commission said: "Member States should adopt a common position to defend their interests and contribute to the re-establishment of international monetary order."

Immediately after yesterday evening's meeting with Mr. Volcker, Mr. Bernard Clappier, vice-governor of the Banque de France and also chairman of the EEC's monetary committee, said it would be beneficial to have a meeting of Common Market finance Ministers. M.

Clappier said that Mr. Volcker had explained President Nixon's announcement but had added nothing new.

AT a Press conference at the U.S. Embassy after the meeting, Mr. Volcker said: "We are fully conscious of the fact that there are difficult repercussions on other countries. We want to get their reaction so we can improve growth together."

He describes the U.S. measures as "sweeping and integrated." America had been faced with a series of problems over a period of time—particularly inflation and unemployment. The proposals to safeguard the dollar were considered the best way of tackling the problem. Mr. Nixon had realised the difficulty of solving the problems, and knew the repercussions that would affect other countries, he said.

Speculators blamed

From Washington, John Graham, U.S. Editor, writes: President Nixon declared a national emergency to implement the 90-day wage-price freeze announced last night and the imposition of a 10 per cent. import surcharge.

The Administration is taking a strong line in its public statements about the dollar, insisting that it has not been devalued and that the U.S. was forced to suspend convertibility because of the activities of international speculators. Mr. John Connally, Secretary of the Treasury, went so far as to say at a Press conference that the President had not only taken no action on the price of gold, but that he "doesn't intend to."

News Summary

Equities unsettled;
Index down 3.3

U.S. TREASURY BILL rates fell sharply, three to an estimated 4.97 per cent. (5.373) and sixes to about 5.27 (5.770).

LONDON STOCK MARKETS were in a high state of uncertainty yesterday following Mr. Nixon's speech.

In the absence of any lead from the foreign exchange and gold markets—both closed—there was great confusion about the outlook for Stock Exchange values in view of possible widespread currency adjustments to the U.S.S.

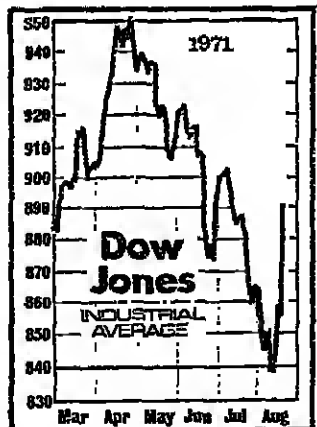
At the opening of markets, therefore, there was widespread working down and widening of quotations in equities and gilts and a general marking up of

Wall St. records: Dow up 32.13—volume over 31m.

BY JUREK MARTIN

WALL STREET has not seen a day quite like this for a very long time. Apparently concluding that President Nixon had last night prescribed the right medicine for the ailing economy and the sick dollar, the Stock Market set new records left, right and centre as it went along. The Dow Jones Industrial Average closed at \$88.95, up 32.93 points (or 3.84 per cent.), the largest single daily gain on record eclipsing the 32.04 point advance of May 27 last year. Volume for the day was 31.72m. shares, the first time it has ever exceeded 30m. shares. At one time in the course of the session the Dow was up about 35 points; some slight profit-taking set in in the early afternoon hours, but the Dow was moving up again at the closing bell.

The New York Stock Exchange was a scene of bedlam for much of the day, especially in the morning. The demand for shares was such that floor traders could barely get to their posts. Two hours after the opening bell, two of the 30 stocks in the Dow Industrial Index had not opened: some of them, including General Motors and Ford, did not trade all day. Chrysler was first quoted only about 15 minutes before the market closed but ended up \$4½ on a volume of more than 750,000 shares. International Business Machines was in huge demand; it did not open until the last hour but when it did it was up no less than 25 points at \$320.



The advance was incredibly broad-based. Over 1,500 shares rose in price and just 107 declined. The handful that were down on the day included some gold-mining stocks and the shares of a number of foreign companies, of which Sony was a notable example: it lost \$3 to \$16 on a volume of 415,500 shares. The activity on the Stock Exchange almost completely overshadowed that of other key markets. One of these, the New York Foreign Exchange Market, barely existed to-day, the head of one major bank's foreign exchange department described it as "a small inter-bank market, mostly from position dealers." The Canadian dollar was easily the most frequently offered cur-

rency and continued to appreciate against the U.S. dollar, but most of the other European currencies that have been in such heavy demand of late slid back in desultory trading. The D-Mark was back to 29.55 cents and the Swiss franc to 25 cents. The pound at one time was as high as 2.45 but slipped back to 2.42 by early afternoon. "No one knows for sure what will happen now," the bank trader said. He suggested that the German, Swiss and Dutch currencies might be able to sustain an effective 10 per cent. revaluation against the dollar, but doubted whether others could. But with virtually all the international foreign exchange markets closed for the foreseeable future, he added: "All bets are off for the moment."

Commodities

The Bond markets were naturally buoyant. As in the Equity markets, the advance was broadly based: resale corporates were up about 21 points in the early afternoon. Bond market dealers appeared convinced that long-term interest rates would come tumbling down in the next three months. "Triple-A rated utilities," said one dealer, "which until to-day returned better than 8 per cent. will surely decline to 7 per cent. and I wouldn't be at all shocked if they went down to 6 1/2 per cent." The various commodities ex-

On other pages

- Features 14 & 15
- Nixon's speech 17
- Reactions 16, 17, 20
- Editorial Comment 14
- Men and Matters 14
- Commodity News 4

changes to Chicago and New York were in total disarray and it was hard to keep a running check on which commodities were being traded and which had been suspended. The confusion stemmed in part from widespread uncertainty this morning as to which items would be exempt from the 10 per cent. import surcharge and which would be exempt. Among the commodities in which trading was suspended were tomato paste futures, silver, concentrated orange juice futures, and even, for a while, broiler and steer-trading.

In the turmoil of the day, it was not easy to find sober assessments of what the President's actions meant for the financial community.

President Nixon's main measures

CONVERTIBILITY of the dollar into gold or other reserve assets is suspended.

IMPORTS—A 10 per cent. surcharge, with exceptions for crude oil, petroleum products, meat, sugar, dairy products and cotton textiles (which are already subject to restraint). Also exempted: the \$100 allowance for returning American tourists bringing in duty-free goods.

PRICES, WAGES AND DIVIDENDS—Frozen for 90 days. A Cost of Living Council has been set up to achieve stability at the end of this period.

FOREIGN ECONOMIC AID—To be cut by 10 per cent.

EXCISE TAX—The 7 per cent. levy on cars is repealed. This will mean a cut of about \$200 (£83) a car.

INCOME TAX—Personal income tax exemptions scheduled for January 1, 1972, will be brought forward to the start of next year. Taxpayers can therefore deduct an extra \$50 for each exemption a year earlier than planned.

R AND D—New proposals to be introduced to stimulate research and development.

FEDERAL SPENDING—To be cut by \$4,700m. Civil service pay rises postponed and Government employment to be cut by 5 per cent.

JOBS—Congress is to be asked to enact the Job Development Act of 1971 as a first priority. A 10 per cent. job development credit for one year is proposed from yesterday followed by a 5 per cent. credit from August 13, 1972. This is a tax credit for new investment.

ILSTER
PM cool
on House
recall

The Prime Minister last night headed coolly to Mr. Harold Wilson's request for a recall of Parliament to discuss the Ulster riots but said that he would keep the possibility of recall firmly in mind.

Ulster Premier Brian Faulkner for to London to-morrow. For talks with Mr. Heath. There is little doubt that Mr. Faulkner will try to stamp firmly on suggestions for tripartite talks involving Mr. Lyach. Back Page

Not enough, says Malta
Britain has been told by Malta through diplomatic channels that the U.K. NATO offer of £8.5m. year in cash and economic aid is inadequate, informed sources say. Malta has not given an indication of what it believes to be sufficient, but the door has been left open for talks on the size of the offer. Page 5

EST OF THE NEWS
also, which fears a new explosion between Syria and Jordan as the two countries' border forces clash, is making every effort to persuade the two to show restraint. Page 6

ARCELS
Britain has pledged its support for Sudan's independence against pressures. Sudan will shortly begin a special protocol with the U.K. for the financing of projects. Page 6

AMERICAN
American numbers blasted North Vietnam troops near the demilitarised zone. Page 6

Ward and Goldstone
Ward and Goldstone final is 14 per cent. for a total of 20 (15) on pre-tax profit of £1.99m. (£1.24m.). Page 18

Nixon takes a strong line

BY JOHN GRAHAM, U.S. EDITOR

The Nixon Administration is taking a strong line in its public statements about the dollar, insisting that it has not been devalued and that the U.S. was forced to suspend convertibility because of the activities of international speculators.

Mr. John Connally, Secretary of the Treasury, went so far as to say at a Press conference that the President had not only taken no action on the price of gold, but that he "doesn't intend to."

At the International Monetary Fund, the American director explained President Nixon's actions to a Board meeting. The suspension of convertibility did not come as a complete surprise after the waves of dollar selling

in Europe, but there was astonishment at the comprehensiveness of the President's programme.

There was also considerable doubt about what would happen next. The IMF more or less had to wait for the Group of Ten deputies in Europe to decide, before itself agreeing to take whatever technical steps were necessary.

In general, Mr. Nixon's proposals have been well received to American financial, business, political and public circles. The President spoke by telephone to Mr. Wilbur Mills, chairman of the Ways and Means Committee, and Mr. Mills responded favourably to the massive list of decisions. His committee's approval will be

necessary before the Administration can effect the tax reductions, or the Budget cuts.

To-morrow the President is going to have all important Congressional committee chairmen to a meeting in the White House. The public exposition of all that is going on is being left mostly to Mr. Connally. And this morning Mr. Connally said that the deteriorating trade balance and the international monetary disorder were the most likely "proximate cause."

In his judgment, the dollar will rise against some currencies, and fall against others. He refused to predict what would happen when the markets reopened, or what mechanisms would be in play, but he agreed that the new policies had already affected the markets.

WASHINGTON, August 16.

It is clear that the Administration took the decision leading to the President's amazing statement very recently. It seems that the realisation that something was needed was made at the most to three weeks ago, and possibly a good deal less. Mr. Connally admitted that there had been a culmination of events, of which the deteriorating trade balance and the international monetary disorder were the most likely "proximate cause."

THE £ ABROAD

New York (wire), \$2.425-420 - \$2.416-418
Lb. 15 months (0.20-0.25) 0.20-0.25
Lb. 12 months (0.15-0.20) 0.15-0.20
Lb. 6 months (0.05-0.10) 0.05-0.10

CHIEF PRICE CHANGES

(Prices in pence unless otherwise indicated)		
Treasury 9 1/2 %	107	+
Abercorn Invest.	182	+
Camden Group	146	+
Lawson	141	+
Hamro Bank	320	18
Kwik Save	208	12
Land Investors	125	10
Leas Service	235	11
Lyons (S.I.)	503	7
M.K. Electric	129	4
Metlray Group	25	4
Rank Organistm.	892	34

Ransome Simms	126	8
U.K. Property	200	25
Ward & Goldstone	131	9
Willows Francis	624	5
Shell Transport	409	5
Vaal Refcs	575	5
W.R.I.T.	870	20
Gold Mines Kalguri	295	5
Messina	25	8
Atlas Stone	145	6
B.S.R.	344	19
Barclays Bank	507	11
Brit-Amr. Tobacco	941	12
Brown Bros. & Albany	452	8
Commercial Union	217	8
De Le Kue	131	6
Distillers	131	6
Grattan Warehouses	268	6

Internat. Computers	110	8
Peak Trailers	121	5
Realt International	121	5
Rothschild Inv. Trust	470	13
Sears 'A'	128	10
Trafalgar House	118	5
Meekatharra	85	8
New Broken Hill	445	15
Peko-Wallend	550	10
Whim Creek	215	13

ANNUAL STATEMENTS		
Autostade	17.34	17.28
Chemische Werke Huls AG	22.99	22.99
Deutsche Tca	167.55	168.92
Electronic Machine	124.32	124.49
Heinrich L. Meyer	5.82	5.59
Moore Sievers	17.84	17.78
100 Shares	106.58	106.58
Consols yield pc	5.19	5.18

BOWMAKER - A MEMBER OF THE BOWRING GROUP

here's your
hot line

Britain's finest finance house
is no farther away
than your telephone.

Ring your local branch
manager under Bowmaker
in the phone book.

Industrial hire purchase Leasing

Head Office: Bowmaker House
Lansdowne, Bournemouth, BH1 3LG

BOWMAKER
Britain's finest finance house

Farming and Raw Materials

Storms hit E. Midland farm crops

By Our Own Correspondent
DERBY, August 16.
WEEK-END storms have left East Midland farmers counting the cost of damage amounting to millions of pounds. An early frost put the total damage to cereal crops at £2m, but Mr Ian Munroe, secretary of the Nottinghamshire National Farmers Union said today that initial estimates were undoubtedly low.

Another cut in U.S. aluminium output coming

By Ken Gofton
FURTHER evidence of the depressed state of the U.S. aluminium industry came yesterday when Kaiser Aluminium and Chemical Corporation plans to close down temporarily a further 40,000-ton potline at Ravenswood, West Virginia, from October 31.

Confusion and uncertainty in commodity markets

By ROBIN REEVES, COMMODITIES EDITOR

AN ATMOSPHERE of confusion and uncertainty ruled in London's commodity markets yesterday following President Nixon's decision to float the dollar.

Restricted

The news was of course known before the opening of the day's business in London. On the London Metal Exchange, copper wirebars rose by some 25 a ton in early dealing with business done at £471.75. After a distinctly quiet day cash wirebars eventually closed at £457.75 a metric ton, up 25.25 on the day. Cash tin on the other hand ended the day 23 lower at £1,420.50 a

ton. Lead and zinc also closed down on the day.

Silver was fixed up a troy ounce higher in the bullion market with spot quoted at 66.8p. A fair business was reported with the currency situation encouraging buying. However the steadiness was not completely maintained to the close.

Dollar parity

The first is the purely financial aspect—the future parity of the dollar with other currencies. Should the relationship between the pound sterling and the dollar remain effectively the same, the outcome in practice may turn out to be solely a revaluation of certain Continental currencies. In that case, the effect on commodity prices should not be too great.

The second imponderable is the 10 per cent surcharge. This was initially a cause of considerable confusion yesterday, but as the day wore on, it became clear that food and basic raw materials are not to be subject to it.

However, the measure still represents an increase in American protectionism. By dampening down U.S. import demand for manufactured products, it could have the effect of reducing demand for raw materials for making products destined to be exported to the U.S. market.

Brazil plan to extend cocoa growing area

RIO DE JANEIRO, August 16.
SOME 1.4m. pepper trees at Tome-Acu, in the northern state of Para, on the Amazon River, will be destroyed and the area planted to cocoa, it was decided at a meeting at Belem.

Australian wheat sale to Russia

MELBOURNE, August 16.

The Australian Wheat Board negotiated the sale of 500,000 tons of wheat valued at \$425m. to the Soviet Union, a Board spokesman said.

The sale was negotiated in Moscow. The negotiations followed a routine visit to the Soviet Union earlier this year by a Board goodwill mission, the spokesman said. The wheat was purchased by V/O Exportkhleb for the Soviet Union and re-export to nearby countries.

Brazil plan to extend cocoa growing area

RIO DE JANEIRO, August 16.
SOME 1.4m. pepper trees at Tome-Acu, in the northern state of Para, on the Amazon River, will be destroyed and the area planted to cocoa, it was decided at a meeting at Belem.

Coffee talks overshadowed

BY OUR COMMODITIES EDITOR

THE COFFEE Council meeting to decide International Coffee Agreement export quotas and prices for 1971-72 opened in London yesterday overshadowed by the dollar crisis.

The level at which the Agreement should aim to keep coffee prices during the coming year is the major issue of the talks. But until the international currency situation is sorted out, it looks as if discussion on this subject could be somewhat inhibited.

No surcharge

At the Council's opening session, the U.S. delegate apparently made an unofficial statement to delegates on the economic measures, explaining that since coffee is not a dutiable item, it will not be affected by the 10 per cent import surcharge. At the same time, U.S. sources stressed that it was impossible to gauge the likely impact of the temporary wage and price freeze on the longshoremen's strike on the West Coast and the possibility of one on the East Coast later in the year.

Soviet gold output not meeting targets

By MICHAEL SIMMONS, EAST EUROPEAN CORRESPONDENT

THE Soviet Union's highest gold-producing concern, the Severovostochnyok Corporation, has been publicly criticised for failing to meet output targets and for the "irresponsible attitude" of some of its managers. The corporation, which is believed to produce almost as much metal as all other Soviet corporations put together, is said by the Soviet Government to have created "a worrying situation which jeopardises fulfilment of the annual Plan and pledges for extraction."

This corporation, made up of mine fields, dressing plants, and ancillary units, produced approximately 75 metric tons of gold from primary sources last year out of an estimated national total, according to primary sources. It is said that the corporation's output was 15 per cent below target, and that the Government is now planning to cut its output by 3 per cent down on Plan fulfilment on August 1.

Chilean copper furnace closure denied

REPORTS THAT A FURNACE had been shut down at the giant Chuquibambilla copper mine in Northern Chile were denied yesterday by Sonor Max Nolf, vice-president of Chile's State Copper Corporation, reports Reuter from Santiago.

Reports from the mine on Saturday said the furnace had been shut down because of an electrical strike by technicians, now in its fourth day.

An estimated 400 technicians out of 475 at the mine are on strike over what they term "political appointments" to top jobs by the Government of President Salvador Allende.

Ghana cocoa exports down

ACCRA, August 16.

Main crop cocoa bean shipment to the U.K. in July was down 17.5 per cent on the corresponding month of 1970, according to marketing board statistics. This compared with 47,979 long tons shipped in July 1970.

JAMAICAN SUGAR PRODUCTION UP

KINGSTON, August 16.

JAMAICAN sugar production in 1971 totalled 339,468 tons, according to the Jamaica Sugar Manufacturers' Association. This is some 10,000 tons below the target figure of 400,000 tons, but 21,132 tons more than the figure for 1970, the Association said.

PRICE CHANGES

Prices per ton unless otherwise stated.

	Aug. 16	Aug. 15	Aug. 14	Aug. 13	Aug. 12
Aluminium (40)	2307.00	2307.00	2307.00	2307.00	2307.00
Copper	2407.00	2407.00	2407.00	2407.00	2407.00
Gold (1000)	2407.00	2407.00	2407.00	2407.00	2407.00
Lead (1000)	2407.00	2407.00	2407.00	2407.00	2407.00
Nickel (1000)	2407.00	2407.00	2407.00	2407.00	2407.00
Platinum (1000)	2407.00	2407.00	2407.00	2407.00	2407.00
Silver (1000)	2407.00	2407.00	2407.00	2407.00	2407.00
Steel (1000)	2407.00	2407.00	2407.00	2407.00	2407.00
Wool (1000)	2407.00	2407.00	2407.00	2407.00	2407.00

U.S. Markets

NEW YORK, August 16.

PRESIDENT NIXON'S statement dominated commodity markets. Important metal markets such as silver, copper and platinum reacted to the news that the President had ordered a 10 per cent surcharge on imports of these metals.

COMMODITY MARKET REPORTS AND PRICES

BASE METALS

COPPER—Firm in quiet trading on the London Metal Exchange despite the larger-than-expected rise in warehouse stocks to a post-war high. Unwashed business was restricted by uncertainties—both here and in New York where Comex was closed—regarding the application of President Nixon's economic measures. Far as metals are concerned, in addition transatlantic business was checked by the difficulty there of obtaining foreign exchange cover.

	Aug. 16	Aug. 15	Aug. 14	Aug. 13	Aug. 12
Cash	2407.00	2407.00	2407.00	2407.00	2407.00
3 months	2407.00	2407.00	2407.00	2407.00	2407.00
6 months	2407.00	2407.00	2407.00	2407.00	2407.00
12 months	2407.00	2407.00	2407.00	2407.00	2407.00

CHART ANALYSIS LIMITED

30 Point and Figure Charts plus unique trading indicators and unadvised commentary published weekly. Only £25 per annum in U.K.

194/280 Bishopsgate, London, EC2M 4PE. 01-283 6767

COMPANY NOTICES

SHISEIDO CO. LIMITED
European Representative
"SHISEIDO" is a registered trademark of Shiseido Co. Ltd. Japan. All rights reserved.

PERSONAL

We are seeking

For your printing

Publicity for American U.S. Govt.

CORPORATION LOANS

PETERBOROUGH BONDS

8% Minimum £1000

RESTAURANTS

CHICK SOLANGE Restaurant

GOURMET

GALLIPOLI RESTAURANT

194/280 Bishopsgate, London, EC2M 4PE. 01-283 6767

American News

Gulf Oil may have to cut operations

By Our Own Correspondent

MONTREAL, August 16. FURTHER evidence of the crisis in the Canadian petrochemical products industry, which came to light late last year, has come with a warning by Gulf Oil, Canada, that it may have to cut back operations severely at its Quebec plants.

Although the company says there will not be any layoffs before January, the cutbacks could affect the jobs of between 600 and 900 people if market conditions do not improve dramatically. Gulf Canada has warned the Government in particular that the Canadian petrochemical products industry is losing out in imports in the domestic market and the trade imbalance is expected to reach \$357m. by 1975.

In the last seven years Gulf says it has ploughed \$77m. into its petrochemical products plants in the Montreal area but operations have shown steadily increasing losses for the past four years. These losses cannot any longer be sustained and uneconomic operations will have to be sold or shut down, the company says.

Sharp rise in cost of living

By Our Own Correspondent

OTTAWA, August 16. THE CANADIAN cost of living jumped sharply between June and July according to consumer price index figures released on Friday by the Government statistics agency. The index went up by 0.8 per cent. from 133.0 to 134.1 (at 1961 prices).

The July index was 2.8 per cent. higher than in July last year. The jump was attributed mainly to higher food prices.

GUYANA

A restive country is even more unsettled

BY DAVID LASCELLES

GUYANA has always been a restive country, but a number of recent events have unsettled it more than usual. These include Britain's EEC application which has cast uncertainty on its important sugar industry, and the upheaval caused by the bitter battle to take over Demerara Bauxite Company (Demba), the final formalities of which went through last month. And on top of this, whether by coincidence or as a result, there is violence and labour unrest.

The Demba takeover, the word "nationalisation" (is shunned) is now widely believed by observers in Georgetown to have been unintentional. They say the talks with Alcan, Demba's owners, began with the object of negotiating Guyana's bauxite, and the upheaval caused by the bitter battle to take over Demerara Bauxite Company (Demba), the final formalities of which went through last month. And on top of this, whether by coincidence or as a result, there is violence and labour unrest.

The Marxist-led opposition party of Guyana's former leader, Dr. Cheddi Jagan holds a different view. It recently published a booklet claiming that the takeover—which it had already denounced as contrary to workers' interests—was a ploy by the Prime Minister Mr. Forbes Burnham and the U.S. Government to weaken Guyana's labour movement. The booklet pointed to the large loan that Chase Manhattan advanced to the Guyana Government to aid the takeover. It also asked why the other large bauxite mining company in Guyana, the U.S.-owned Reynolds Metals, had not been taken over, and remarked that the takeover was "peculiar" when criticism of such a move would normally have been expected.

Yawning gap

But whatever the reason, the takeover and the difficulties which have brought it to a halt, which Guyana is having to live with, the most pressing problem is the shortage of skilled personnel. Demba employed about 70 specialists expatriates to direct its operations. After the takeover all but 12 departed leaving a yawning gap in the structure of the plant and causing another gap in the middle levels of the erstwhile middle levels have been filled by Guyana's bauxite (Guyana), which is now known, is therefore expected to be weak for some time to come. However, Demba's chief engineer stayed on, and the Ministry of Mines

Qantas Jumbos will fly to London after U.S. ban

BY MICHAEL SOUTHERN, AUSTRALIA EDITOR

SYDNEY, August 16.

SHORTLY after the first of the Qantas Boeing 747 jets arrived in Sydney today, the U.S. Civil Aeronautics Board advised the airline that it will not be able to fly the jet into America. The CAB has rejected the Qantas schedule for use of the 747 on the Pacific run and the airline will now bring forward plans to operate the jet into Singapore and then later this year into London.

The Qantas service to Singapore, first planned for November, will begin on September 17, with Melbourne and Perth included in the flights. On November 25, the airline will extend to London through Bangkok, Bahrain, Athens and Rome at the rate of two services a week. There will also be 707 services to maintain a daily Sydney-London schedule. The Pacific services will be continued in 707 aircraft.

The dispute with the Americans is over interpretation of the Pacific agreement and the schedules of both Pan American and American Airlines, both of whom are seeking extra flights into Australia. These applications have been rejected by the Australian Department of Civil Aviation. The DCA is also faced with strong U.S. pressure to allow World Airways to operate a large number of charter flights into Australia from the U.S.

Spain to buy Peru meal

BY OUR OWN CORRESPONDENT

MADRID, August 16.

SPAIN will purchase 200,000 tons of fishmeal worth about \$30m. from Peru in the next two years. According to contracts signed in Lima by the Peruvian Minister of the fishing industry, General Javier Tantalean, and the Spanish Ambassador to Peru, Señor Manuel Alahert, about 30,000 tons will be shipped this year, 100,000 tons in 1972 and the rest will be shipped to Spain in the first half of 1973. Spanish fisher producers and consumers are happy with the agreement which, it is said, guarantees the supply of good quality and relatively low-priced fishmeal during the next two years.

But, several fishmeal producers on the Canary Islands have protested against the agreement and say that the money involved should be used in subsidies to the Spanish fishing industry to help compensate higher production costs and finance the modernisation and expansion of existing factories.

But Spanish Government spokesmen have pointed out that it is up to the fishmeal producers to apply for official credit aid to finance the modernisation and expansion of industrial installation on the Canary Islands.

European News

Four Power Berlin meetings resume

WEST BERLIN, August 16.

AMBASSADORS of the big four powers to-day began their fourth meeting in seven days in an effort to clear the way for a settlement of the Berlin question.

The ambassadors of the United States, Britain, France and the Soviet Union met here in the former Allied Control Council building for their 30th meeting since the talks began 11 months ago.

Chairman of today's meeting is the French Ambassador, M. Jean Sauvagnargues.

After meetings on three consecutive days last week, the ambassadors paused only on the anniversary of the Berlin wall on Friday. A celebration parade by para-military forces in East Berlin drew a strong protest from the three Western allied commanders in West Berlin on the grounds that it violated Berlin's special demilitarised status.

The East Berlin parade was conspicuously attended by Soviet Ambassador Pyotr Abrasimov, chief Soviet delegate to the four-power talks, which illustrated one of the major problems in the talks. The Soviet claim that East Berlin is now the East German capital and therefore no longer bound by four-power authority.

The ambassadors are at present trying to complete a thorough review of both the Soviet and Western positions before referring back to their respective Governments. According to sources close to the conference, the ambassadors might continue their session for one or more days this week, if more time is needed to settle points which are still unresolved.

With the talks in such an active phase West Berlin's governing Mayor Klaus Schütz has decided to cut short his trip to the United States which was originally due to last until Friday.

The main issues under discussion are improved travel for West Berliners, the city's close ties with West Germany including Bonn's political presence in West Berlin, the establishment of a Soviet Consulate-General there and representation for West Berliners abroad.

SWITZERLAND

New tax agreement may stop German migration to Ticino

BY NORRIS WILLATT

THE NEW agreement between Switzerland and West Germany closing tax loopholes by which Germans have hitherto been able to benefit by taking up Swiss citizenship and moving to Ticino, the West German drive to acquire real estate in Switzerland, and particularly on that aspect of it which often has been described as "colonisation" of the most southerly canton of the Swiss Confederation, Ticino, in recent years the West German migration there, which has been going on for decades, has accelerated.

Lake Lugano, and the Lake Maggiore communities of Locarno and Ascona are within reach of most big cities of West Germany, and the Italian language and life style further gives them a Mediterranean flavour.

Symptoms

The Germans have bought up acres of choice land, on which they have built sumptuous villas and luxurious apartment buildings. Cars bearing the "D" identification sticker are conspicuous everywhere. The Ticinese working in the hotels, restaurants, shops, all speak servicable German. An obviously anti-Ticinese foreigner has been automatically addressed in that language—not always to his liking. More and more of the best areas in the canton are passing into German ownership.

Statistics in Bellinzona, Ticino's chief town, show that Ticinese sold almost three times as much real estate in 1970 as they bought. The value of sales contracts amounted to nearly Sw.Frs.147m. (around £15m.), while those of purchases by the local people totalled only Sw.Frs.53m. just over £5m.

The majority of buyers were Swiss from other parts of the country, mostly from the German-speaking cantons of the north-east, as they call it, has always been a favourite holiday and retirement spot for people from Zurich, Basel, Bern, and even compared with the 789 buyers identified in this category, the 252 from West Germany and Austria (mainly law firms) make an impressive total. Moreover, German-speaking foreigners paid out a total of about £4m., or around £14,200 per head, compared with a little under £5m., or some £8,200 a head, invested by the other Swiss. Furthermore, the latter as a group sold just about as much real estate in Ticino as they bought during 1970. The Germans and Austrians showed an excess of some

Mintoff communicates his rejection of aid offer

BY RICHARD JOHNS

THE British Government has been told by Mr. Dom Mintoff, the Maltese Prime Minister, through diplomatic channels that the U.K.-NATO offer of \$5.5m. a year in cash and economic aid is inadequate, according to informed sources.

The Maltese Government has not given any indication of what it believes would be sufficient. Yet the door has been left open for talks on the basis of the offer.

Yesterday Sir Anthony Mamo, the Governor-General, said at the opening session of Malta's new Parliament that the Government was still negotiating with Britain over Western rights to use the island's air and naval facilities.

However, in his speech from the Throne Sir Anthony warned that Malta would press for a treaty which would make her economically independent and that an acceptable sum would have to be "very much higher" than what had been offered so far.

In fact, there have been no discussions between Mr. Mintoff

and Sir Duncan Watson, the British High Commissioner, since the latter presented the first part of the aid proposals last Wednesday.

Thus, Mr. Mintoff has no precise idea so far about the other undeclared elements—the money, in the form of grant or loan, which Britain's NATO Allies are prepared to give over and above the basic \$5.5m. (made up of \$2m. contributed by several other NATO countries as well as the U.K.) in economic development aid from the U.K.I.

In Whitehall Mr. Mintoff's Note is seen as another move in the game of "brinkmanship".

Major Abdul Salam Jalloud, the Libyan Minister of the Economy and setting Minister of the Treasury, arrived yesterday for more talks with Mr. Mintoff.

Godfrey Grima reports from Valetta: The Governor-General, Sir Anthony Mamo to-day spelt out the Government's intentions, and the objectives behind the current negotiations with Britain.

"In the view of my Ministers there must be a new single instrument which will clearly specify the facilities given by Malta to Britain and which, on the other hand, will show clearly that the sum paid by Britain for the facilities afforded by Malta is due by way of rent."

Sir Anthony said that the negotiations were continuing: "The Maltese Government will go on pressing so that Malta may in a very short time be able to stand economically on its own feet. For this aim to be achieved the rent to be paid by the British Government for military facilities must be very much higher than the so-called aid offered in the past." The Governor-General added without revealing what price the Government was asking.

Sir Anthony also dwelt on the talks held between Malta and Libya stressing "the whole world knows how the Government of Libya have, on this historic occasion, for Malta, stood shoulder to shoulder with the Maltese Socialist Government so that by their joint efforts Malta, in as short time as possible, may be changed from an island of war into a centre of peace."

The Governor-General paid tribute to West Germany for its "efforts to give to the drydock a new stretch of life." The Government was taking steps to re-establish discipline and eradicate abuses and corruption, he went on.

Loans of DM380m. approved

By Christopher Lorenz

FRANKFURT, August 16.

THE West German capital market committee to-day approved the issue of DM380m. worth of loan before the end of this month. Only one directly foreign borrower is included, the long-awaited City of Johannesburg DM80m. loan, lead-managed by the Berliner Handelsgesellschaft-Frankfurter Bank. But one of the most important borrowers with DM100m. is SKF-Kugellagerfabriken, a subsidiary of the Swedish SKF concern. The other domestic borrower is the State of Baden-Wuerttemberg, with DM200m.

No probable term has been named for any of the loans, for the German capital market is in an extremely uncertain state following President Nixon's broadcast last night. Bankers view the prospects for DM foreign loans with a mixed feeling. On the one hand, interest in dollar issues is strong, but they are sharply, and some sources expect the interest in DM loans to increase accordingly.

Ford to raise prices

By Christopher Lorenz

FRANKFURT, August 16.

FORD WERKE, the West German subsidiary of the Ford Motor Company of the U.S., has become the second motor company to the Federal Republic to raise its prices. As from August 23, its prices will be up by between 1.3 per cent. and 3.8 per cent., an average rise of about 3 per cent.

Ten days ago Adam Opel, the General Motors subsidiary, announced an average increase of 3 per cent. to take effect to-day. Since the month both parents have raised their U.S. prices, Ford by an average of 3.2 per cent., General Motors by 4.1 per cent.



STEYR DAIMLER-PUCH AG

Vienna, Austria

STEEP RISE IN EXPORTS

The Annual General Meeting of STEYR DAIMLER-PUCH AG was held in Vienna on May 1, 1971, and the following are details from the report presented by the Board of Directors.

Review

For the Austrian economy the year 1970 presented the climax of one of the most vigorous periods of expansion since 1945. In line with this favourable development STEYR DAIMLER-PUCH's lorries, tractors and two-wheeler models were so popular in all markets at home and abroad that the Company's entire production capacity was fully utilised. The Company's lorry production was up by 50 per cent., stationary engines by 44 per cent. and "Hafinger" cross-country vehicles by 37 per cent. Exports rose by 46 per cent. as compared with 1969, for Austria's export as a whole.

Turnover and Production

The Company's total turnover amounted to GS. 4,932m., an increase of 29 per cent. Exports accounted for approximately 42 per cent. of turnover of manufactured goods. Nearly 80 per cent. of turnover was achieved in the following four sections: tractors and agricultural machinery, lorries, two-wheelers, and roller bearings. Turnover of Hafinger cross-country vehicles also showed a substantial advance: domestic turnover was up by 66 per cent. and exports by 38 per cent.

The range of the Steyr "Plus" tractors was extended by the addition of the "540" row-crop tractor. Exports in this sector were up substantially, including deliveries to Yugoslavia, Italy, Switzerland, Greece and Belgium. The largest number of tractors under a single order went to the Soviet Union.

The Hungarian partners were further strengthened by joint foreign distribution of the heavy Dutra all-wheel drive tractor. The range of "Plus" diesel lorries was also extended to include a number of new models. In the export field, new markets were opened up amongst them Norway and Finland.

In the farm machinery field, a below-average increase in turnover in the main product, self-loading forage trailers, showed a certain market

saturation for this type of product. In recognition of this fact, a new model series was placed on the market in the late summer of 1970.

The roller bearing sector, which had already recorded delivery times of up to 14 months during the preceding year, was once again able to achieve a turnover increase of 11 per cent. 67 per cent. of turnover was achieved in the export field in 93 countries, amongst them Germany, Spain, Italy, the United Kingdom and Switzerland, as well as Asia, South America and Africa. Efforts are now being made to shorten delivery times by effecting measures of rationalisation. Besides investments for rationalisation purposes, the Company once again utilised its funds for a variety of projects, amongst them the reorganisation of the Graz works and of the Vienna works following the merger.

Associated Companies and Subsidiaries

As mentioned before, Österreichische Sawmühle AG was merged with the Parent Company to form the "Vienna works" on January 1, 1970.

"Kroning" AG für Werkzeug- und Metallindustrie. Production of tools in almost all sectors, turnover exceeding the GS. 100m. mark. Tube production was up by 32 per cent.

Enzesfeld-Clodona Metallwerke AG. Turnover showed a substantial increase in line with the general economic situation. A slight set-back towards the end of the year was largely due to continuing uncertainty about price development in international copper markets.

Steyr-Fiat-Auto-Service Gesellschaft mbH. Despite adverse effects by strikes in Italy turnover increased by almost 10 per cent.

Auto-Rühl Autokommandit- und Reparatur-Gesellschaft mbH. The company achieved a turnover increase of approximately 40 per cent.

Deutsche Steyr-Daimler-Puch-Gesellschaft mbH. Despite tariff discrimination and heavy competition, 1970 was a successful year with external turnover up by 25 per cent., largely due to higher sales of roller bearings, mopeds and "Hafinger" cars.

Steyr-Daimler-Puch (Great Britain) Ltd. The company

Romanians assert autonomy

By Michael Simmons, East European Correspondent

N A THINKING voiced warning in Moscow not to seek to dictate terms to Romania, President Ceausescu has told his countrymen they should be determined to defend their revolutionary aims. "Fighting for life," he said a provincial meeting during the week-end, "we fight to be free and masters of our home-land."

As he was speaking, carefully managed publicity was being given to a stop-over in Bucharest of a high-ranking Chinese military delegation on its way from Peking to Tirana. This delegation, led by Li Teh-chang, political head of the Chinese Army, was met at Bucharest by the Romanian Defence Minister, General Ion Ionescu, and other high-ranking officers.

According to official reports in Peking, the delegation stopped in Romania at the invitation of the Romanian "authorities." Their stop was restricted to a formal mention from the Romanian agency, Agerpres.

President Ceausescu emphasised that "it is inadmissible that anyone in any way should interfere in another people's life to organise its life, how to achieve its economic and social development."

In a parallel development, the Yugoslav newspaper, Borba, attacked the invitation of the Romanian "authorities." The allegation printed in a Hungarian journal at the end of last week that Yugoslavia, Romania, and Albania might with China be seeking to form a new bloc in the Balkans, Borba said the Hungarian charges amounted to "unfounded conclusions and impermissible warnings."

The Chinese delegation is believed to be the most senior to have visited Eastern Europe for some time. It could well be that their talks were preparing the ground, from the security point of view, for a high-powered Chinese Government visit to the Balkans, possibly led by Zhou Enlai, the Prime Minister, later this year.

All three of the Balkan countries are stepping up their commercial contacts with the Chinese. Both Albania and Romania have long-term economic agreements, which in the case of the former reportedly include supply arrangements for rockets and sophisticated military equipment.

Romania, having received substantial financial help from Peking in the wake of the disastrous floods that hit the country early in the year, has signed acceptance of a long-term interest-free loan. There has been speculation that China might also be interested in supplying equipment to the Romanian Army.

HIGHLIGHTS FROM THE BALANCE SHEET IN %					
	1970	1969		1970	1969
	%	%		%	%
Fixed Assets	16	17	Capital Resources	60	67
Current Assets	84	83	Borrowed Funds	40	33
	100	100		100	100

Other Overseas News

Gorton resigns as Deputy leader

By Our Own Correspondent

CANBERRA, August 16. MR. JOHN GORTON, dismissed last week from the position of Defence Minister and third-ranking member of the Australian Cabinet, today resigned his position as Deputy Leader of the Federal Parliamentary Liberal Party.

His action clears the way for a ballot, either to-morrow or on Wednesday, by the 67 Liberal Party MPs and senators to elect a new Deputy Leader. Mr. Gorton has indicated that he will not stand again for the position but there could be as many as six or seven candidates.

Leading contenders on present indications are the Treasurer, Mr. Billy Snedden, from Victoria, and the National Development Minister, Mr. Reginald Swartz, from Queensland. There is fair support also for Mr. David Fairbairn, of New South Wales, who is currently holding the two portfolios of Defence and Education and Science.

When the Deputy Leadership is decided, Mr. Fairbairn is expected to be confirmed as Defence Minister and there will be a further reshuffle of the Cabinet to fill the Education and Science post.

Mr. Gorton sent his resignation to the Liberal Party chief whip, Mr. Malcolm Fox, this morning after writing an article for the Sunday Australian newspaper yesterday in which he said: "I think it would be absurd for the Liberal Party to have a Deputy Leader who was not in the Cabinet. If I were to seek to continue in that position, that could be represented as creating division, and to polarise the party."

Cairo desperately tries to heal Syria-Jordan breach

BY OUR OWN CORRESPONDENT

CAIRO, August 16.

CAIRO fears a new explosion between Syria and Jordan as the two countries build up forces along the border and are making every effort to persuade both Damascus and Amman to show restraint.

The semi-official newspaper Al-Ahram reported this morning that the Egyptian Government was in contact with a number of Arab capitals over the crisis yesterday, and informed sources said that President Sadat's troubleshotter, Hassan Sahri el Khaili, who arrived in Jeddah from Damascus yesterday evening, is carrying a message detailing Egypt's moves to preserve the peace and asking King Faisal to use his influence in Jordan.

At the same time the Jordanian-Palestinian peace plan, which Mr. Khaili said was in the hands of the Jordanian Foreign Minister Omar al-Saqqa took last week to Jordan and Damascus, has run into trouble. According to informed sources, although both King Hussein and guerrilla leader Yasser Arafat have agreed in principle to the six points, there are still differences about methods of implementing them. In Egypt's view, an agreement between Jordan and the Palestine Liberation Organisation (PLO) is essential, if the current crisis between Syria and Jordan is to be overcome.

Reflecting President Sadat's almost desperate concern to preserve Arab unity, Al-Ahram commented that Cairo and other Arab capitals felt that in this decisive year all Arab potential should be preserved for the battle with Israel.

Egypt's moderation is shown

by the fact that Jordanian Airline flights to Beirut are being rescheduled via Cairo in spite of Egypt's close alliance with Syria, which has banned Jordanian flights over its territory.

Al-Ahram reported today that the executive committee of the Palestine Liberation Organisation has insisted on guarantees before implementing the Egyptian-Saudi peace plan with Jordan. They include freedom of command action and release of all commandos held by the Jordanians after the July round-up; both these points have been agreed in principle by King Hussein.

The PLO also wants all arms

Protect Gaza people call

BY OUR OWN CORRESPONDENT

CAIRO, August 16.

EGYPT yesterday asked for immediate United Nations intervention to protect the inhabitants of Gaza in Israeli-occupied territory from the campaign of terrorism and suppression.

The note to Secretary-General U Thant from Foreign Minister Mahmoud Riad was sent yesterday, August 15, which Mr. Mohammed Heykal, the editor of Al-Ahram, says is the deadline set by President Sadat for Washington to come up with new ideas for solving the Middle East crisis. It seems timed to a certain-raiser for the expected Egyptian campaign at the UN.

Mr. Riad asked that his note

be distributed among UN member-states as a Security Council and General Assembly document. In it the Foreign Minister claims that Israeli troops are daily increasing the scale of their terrorism and the demolition of houses, leaving people without shelter, as part of a long-term Israeli scheme to annex the occupied Arab territories to Israel, Mr. Riad says.

The note refers to Article 48 of the 1949 Geneva convention which safeguards the status of civilians in times of war and outlines the forcible eviction or deportation of civilian inhabitants of occupied areas.

China pledges support to Sudan

BY OUR OWN CORRESPONDENT

CAIRO, August 16.

CHINA has pledged its support for Sudan's independence "against all pressures," the Middle East News Agency reported from Khartoum today. The pledge came in a reply from Peking to an August 4 message from President Jafar al-Nimri, thanking the Chinese

for their support during the July 19 coup. Foreign Minister Mansour Khalid announced that Sudan would shortly sign a special protocol with Peking for the financing of projects including road-building and the establishment of textile factories. Sudan has an economic and technical co-operation agreement with China providing for \$45m. of aid, which has not yet been used.

Mr. Khalid also announced that President Nimri had rejected an offer from Somalia to mediate between Sudan and the Soviet Union, pointing out that Sudan had no hand in the timing or nature of the conflict with Moscow and had only assumed a defensive attitude. The offer was received yesterday from the Somali President, General Mohamed Said.

Mr. Khalid added significantly that President Nimri's reply to General Said had been in line with Sudan's earlier reply to Syrian offers to mediate. Syrian Vice-President Mahmoud al-Arabi and Deputy Premier

Abdel Halim Khaddam flew direct from Moscow to Khartoum in a mediation attempt last week.

The Foreign Minister quoted President Nimri as saying that, although Sudan considered the Soviet Press campaign unjustified, his Government would continue to honour trade agreements with Moscow and other socialist countries.

Yesterday Sudan's chief of staff, Major-General Mohamed el-Baqer reported that some Soviet experts, who had been confined to their homes after President Nimri's return to power on July 22, had now resumed their duties. Their work would be completed on specific dates, he added.

A military court yesterday sentenced three men to 20 years imprisonment each for helping Communist Party Secretary-General Abdel-Khalek Mahgoub escape from jail on June 29. Mr. Mahgoub was hanged for allegedly masterminding the July 19 coup.

Kennedy says Pakistan committed genocide

NEW DELHI, August 16.

SENATOR Edward Kennedy said today he was convinced that the Pakistani Army had committed genocide in East Pakistan and added that he would recommend a halt to all American aid to the military regime.

The Senator, who spent four days last week visiting East Pakistan refugee camps in India, denounced as an outrage the secret trial of Sheikh Mujibur Rahman, the Awami League leader.

"I think that the only crime Mujib is guilty of is winning an election," the 39-year-old Senator said. "The question of the trial being secret is an outrage to every concept of international law and a travesty to those who believe in international law."

A Pakistani High Commission spokesman here said today that the trial had begun in Pakistan.

of Sheikh Mujib. The spokesman said there had been an announcement that the trial would open on August 11 and it had done so. He could give no further details.

CHINA-N. KOREA AGREEMENT

HONG KONG, August 16.

CHINA and North Korea have concluded in Peking an agreement providing for increased economic co-operation after bilateral talks, the New China News Agency reported today. Chinese Premier Zhou Enlai attended the signing of the economic co-operation agreement yesterday, the agency said. No precise details of the accord were given.

Reuter

Row expected on rights of S. African coloureds

BY OUR OWN CORRESPONDENT

JOHANNESBURG, Aug. 16.

SOUTH AFRICA'S party congress season opens to-morrow amid one of the noisiest political rows the country has known for some time. The issue is: whether the coloureds? And it is expected to be the most contentious of the South African National Party congress to be opened by the Prime Minister in Windhoek to-morrow, and the United Party Cape Congress in East London.

The National Party leadership is in a bit of a cleft stick over the coloureds. On the one hand it is not prepared to follow the path suggested by some of its more unconventional members and set aside a "homeland" for the coloureds as it has for the various African tribes. But on the other hand it is apparently prepared to go along with the 109 Afrikaner academics who recently signed a declaration calling for "full citizenship" for the coloureds.

On several occasions Mr. Vorster has said a solution to the coloured problem would have to wait until the next generation, but the recent row has developed because men with differing views on the issue are not waiting.

Local commentators say an important issue is whether

the United Party too will be prepared to change its present policy on coloured political rights. Basically, what this policy boils down to is that the coloureds should remain permanently regarded as second class citizens. Only the Progressive Party among the various white parties is prepared to grant the coloureds the same rights as whites.

Red carpet for Banda visit

PRETORIA, Aug. 16.

A 21-GUN salute echoed across Pretoria today heralding the arrival of President Hastings Kamuzu Banda of Malawi on a state visit—the first to the Republic by a black African head of state.

Dr. Banda, waving his fly-swift, touched down at Waterkloof Air Force base to a red carpet welcome from South African President Johannes Jacobus Fouché.

The welcoming party included Foreign Minister Dr. Hilgard Muller and the Judge-President of the Transvaal division of the Supreme Court, Petrus Cillie.

He is accompanied by the Very Rev. Gonville Iffrench-Beytagh to be at the airport. Dr. Banda's

member party included Finance and Information Minister Aleke Banda.

UPI

Export News

IN BRIEF

Italy gets Badger system

Handwell Yates Developments, the Leeds-based developer of the Badger system of trenchless pipe-laying, has signed an agreement under which Impresa Costruzioni E Ricostruzioni di Roma will promote and operate the system throughout Italy.

The first project under this new arrangement started yesterday when pipelayers started 700,000 metres of irrigation laterals and feeder mains in the Arghore area of Sardinia. The work, due for completion in the spring of 1973, follows a successful pilot scheme in Sardinia last year.

The Italian company is the first to take up with Handwell Yates Developments to exploit this system of pipe-laying. Other joint venture concerns have been established in France, Germany, Canada and America, while in the U.K. a subsidiary company, Yates Badger Pipe-liners, has an order book of £80,000 for the laying of sewerage and similar pipes by this method.

Orders for lifts worth more than £200,000, part of a £10m. development plan for Collier Quay in Singapore, have been won by The Express Life Company of Northampton.

The order covers the supply of 12 lifts for the Ocean Building which will rise to 28 storeys above the Singapore waterfront. It is the largest single overseas order yet won by Express and following negotiations in London and Singapore, it was placed with the company's distributors in Singapore by the Capital and Counties Property Company of London and Ocean Properties, Singapore.

In the Ocean Building lower block, six of the lifts will each carry 28 passengers at 1,000 feet per minute and the others will travel at 700 feet per minute.

A £100,000 order has been placed with the Northampton company for the supply of five 16 persons passenger lifts for the Ocho Rios Intercontinental Hotel in Kingston, Jamaica by Overseas Construction. Three machines will be used in the construction of nine high-speed lifts at a development in Northside Gardens, Sydney.

Roto-Finish, the metal and plastics finishing group, of Hemel Hempstead, Hertfordshire, has sold plant worth more than £140,000 to the Soviet Union.

The main part consists of seven spin finishing machines worth £70,000, and consumable materials. Three machines will process zinc die-cast door handles and quarter-light catches for the Russian equivalent of the Fiat motor car. The other four will process aluminium die-cast domestic door handles.

Special fixtures were made so that the varying components can be processed within a standard design of Roto-Finish machine. With only one operator, each machine can produce 800 car components or 350 door handles an hour.

The plant was specially designed to suit the Russian order. It is a complete electro-polishing plant including three ST18 Spiratron vibrator finishing machines and a programmed fully automatic electro-polishing unit.

The plant was specially designed to suit the Russian order. It is a complete electro-polishing plant including three ST18 Spiratron vibrator finishing machines and a programmed fully automatic electro-polishing unit.

Processing media and electro-polishing solution for an estimated two years' production were included in the order.

GKN Windsor has sold an \$800 ton clamp-injector machine to VACRS of Taipei, Taiwan. This machine is of the direct hydraulic lock type and was chosen for its speed and extreme versatility. The Windsor 800 is claimed to be one of the fastest 800 ton lock machines in the world. The contract includes the visit of a GKN Windsor engineer for the purposes of installation and training of VACRS engineers.

Whitlock Brothers of Great Giddam, Essex, has recently received an order from Israel for 570 off-road excavator loaders worth more than £50,000.

The machines will have their first public showing in Israel at the British Agricultural and Food Processing Exhibition being held in Tel Aviv on November 16-25 where Whitlock is conjunction with its distributors, Palestine Automobile Corporation, will be showing.

Britain's exports to Israel since 1967 have doubled to more than £102m., and through the International Bank for Reconstruction and Development a \$20m. loan has been made for agricultural projects, this being the first of three such loans.

This is the largest single order received by Whitlock Brothers, a member of the London and Midland Industrial Group of Companies.

Trends in shipment of Scotch cause concern

FINANCIAL TIMES REPORTER

SCOTCH whisky exports continued their boom throughout the first half of the year, rising by 14.7 per cent. in volume to 31,56m. gallons and by 17 per cent. in value to £99.17m. The details of these exports per category and per market now available reveal several causes for concern within the industry and associates.

In the first place, there is the rapid growth in shipments of blends in bulk at proof strength for re-export and bottling overseas. In the first half of this year, these bulk shipments of Scotch blends amounted to 8.5m. proof gallons, compared with 21.5m. gallons of bottled blends. The bulk shipments are climbing fast and by the end of the year may equal at least half the exports of bottled blends.

This constitutes a double danger. The exporter must keep a close scrutiny on the bottled product if it bears his own label. But many do not hear the exporter's brand name, they are, in effect, private bottlings, or buyer's own brands, with a possible danger to the whole industry should standards be lowered at all.

For private bottling is just what is happening in Common Market countries, particularly in Germany, with the privately labelled brands selling at cut prices in continental outlets. Germany, for instance, took 771,000 gallons of bulk blends in the period, valued at £1.8m., and only 379,000 gallons of bottled blends, worth £1.5m. In fact, Germany now takes about two-thirds of its Scotch imports in bulk, and both Belgium and Switzerland have seen one-third of theirs in bulk.

Price-cutting

The price-cutting resulting from these bulk imports has undoubtedly what Mr. A. F. McDonald, chairman of The Distillers Company, had in mind when he said in his interim statement that Europe, the Scotch's main market, has experienced strong competition, mainly based on price.

The logical conclusion would be for European importers to try

Rally in U.K. sales to Spain

By E. H. Gruenert, Madrid Correspondent

THE U.K. exported £77.4m. worth of products to Spain in the first six months of this year as against a total of £77.3m. worth of products in the first half of last year.

According to provisional figures released here—excluding the Canary Islands and Spanish ports in North Africa—Spain's exports to Spain of machinery and transport equipment have increased by about £3.1m. to £27.4m. in the first half of this year (and £5.2m. on the corresponding period of 1969).

The export value of chemical products and of steel and iron products in the first six months of this year amounted to £3.3m. and £5.0m., respectively, followed by £2.5m. worth of special and optical equipment and £2.1m. worth of whisky.

A £4.6m. worth of machinery and transport equipment was sold to buyers on the Canary Islands and in Spanish ports in North Africa. Petrol products worth £1.4m., about 50.7m. worth of whisky and £1.1m. worth of food products were also shipped to the Canary Islands.

The total of £11m. export increase in the first half of 1971 was obtained after an almost £3.5m. decline in British exports to Spain compared with the same period of 1970 in the first two months of this year.

The position improved in the last three months, in part, because the Spanish Government reduced by half the 20 per cent. ad valorem deposit that Spanish importers were obliged to make in order to get an import permit.

Annual Statements—Continued

DEUNDI TEA CO.

The following are extracts from the circulated statement of the Chairman, Mr. W. E. Mitchell-Innes:

The results for 1970 have proved to be better than forecast in the Interim Report and show a profit before tax of £254,068, the best result since 1954. In recent years with my predecessor and I have stressed the need to build up working capital. The benefits of this policy began to appear in 1970. As compared with the previous year, bank interest charges have been halved, the balance sheet shows a material improvement in the cash position, while net current assets have improved by 38%.

The crop at 2,494,582 lbs. was once again a record, exceeding that of 1969 by 33,150 lbs. Sale prices in Ceylon were considerably above the depressed levels ruling during much of the 1969 season.

The large areas of young tea planted out in recent years were in very good condition and were beginning to contribute materially to the crop, a trend which over the next few years should, conditions permitting, be a continuing one.

METUCHEN MARKETING CORP.

INTERNATIONAL TRADE CONSULTANTS

684 Railway Road Station Metuchen, New Jersey U.S.A.

The G.C. Room, 12 Archer Street, London W.1. Tel. 01-773 3020.

and insist on bulk imports only. In the same period, the U.S. took 6m. gallons of bulk blends worth £7m. compared with 10.5m. gallons of bottled blends valued at £40.4m. The price differential is at once obvious: the bulk averages just over £1 per gallon, the bottled just under £4 per gallon.

The same differential is true of total earnings and gallonsages. The 8.5m. gallons shipped in bulk were worth £12.5m., while the 21.5m. shipped in bottle were valued at £53.5m.

These bulk malt shipments naturally bring in Japan, the largest overseas customer for Scotch malt whisky.

Some 640,000 gallons of malt whisky worth £1.3m. were shipped in bulk to Japan, and 3,000 gallons of bottled malt whisky, the industry at present.

These bulk malt shipments naturally bring in Japan, the largest overseas customer for Scotch malt whisky. Some 640,000 gallons of malt whisky worth £1.3m. were shipped in bulk to Japan, and 3,000 gallons of bottled malt whisky, the industry at present.

These bulk malt shipments naturally bring in Japan, the largest overseas customer for Scotch malt whisky. Some 640,000 gallons of malt whisky worth £1.3m. were shipped in bulk to Japan, and 3,000 gallons of bottled malt whisky, the industry at present.

Confidential, of course

BY DAVID CURRY

A BRITISH company specialising in veterinary diagnostic work has joined the "mother-to-be" industry by remote pregnancy testing of pigs in Switzerland.

Wickham Laboratories, Hampshire, receives every week a batch of 40 samples of vaginal tissue from a herd of breeding sows owned by the Optigel Company and reared near Lausanne. Special sections of each sample are examined microscopically to detect pregnancy.

Within 14 days of a sow's becoming pregnant changes appear in the animal's vaginal wall. If examination shows that the sow is not pregnant it can be served by a boar again.

In this way, the company claims, the breeding programme can be made more effective and time previously spent waiting for visible signs of pregnancy saved. The Swiss company, which is associated with a supermarket chain which markets its products, is trying to build up a 5,000-strong herd of gilts and sows. These will be reared in a controlled environment which will include a largely germ-free atmosphere achieved by filtering air entering the building, stockmen wearing special clothing and building the unit in a remote mountain area.

Cuban deal for British Steel

THE General Steels Division of the British Steel Corporation has received an order worth over £250,000 for permanent way materials from Cuba. It comprises some 4,000 metric tons of rails, and 800 tons of visible signs of pregnancy saved. The Swiss company, which is associated with a supermarket chain which markets its products, is trying to build up a 5,000-strong herd of gilts and sows. These will be reared in a controlled environment which will include a largely germ-free atmosphere achieved by filtering air entering the building, stockmen wearing special clothing and building the unit in a remote mountain area.

autostrade spa

I.R.I. GROUP

Report of the Annual General Meeting for the year 1970. The Annual General Meeting of shareholders of AUTOSTRADE was held on April 23. In his report, the Chairman and Managing Director Ing. Emilio Santucci, gave a general picture of motorways in Italy. During 1970, the national network was increased by a further 405 Km., including the completion of some of the most important motorways in the country, such as the Bologna-Padua, Trieste-Venice, Turin-Aosta, Turin-Savona, Rome-L'Aquila and the completion of 9/10 of the Salerno-Reggio Calabria.

As regards activities, the balance-sheet for 1970 showed positive results, despite the continuation of some negative factors resulting from the adverse situation in the country which was in fact less to a general financial squeeze and created difficulties in obtaining capital. Thanks to the large bond issue carried out at the end of 1969, AUTOSTRADE was able to face the situation confidently and financial resources were sought abroad. In December 1970, a foreign loan of £ 125 million was granted for a duration of 8 years and, as usual, was guaranteed by I.R.I. Besides being a linking operation to overcome the national situation, the loan led to further financial sources and possibilities of future long term developments. With improved financial prospects, the Company promptly carried out certain development and completion projects on the existing network. At the beginning of 1971, immediately after the approval of the projects by ANAS, construction began on the Caserta-Salerno route and the doubling of the Naples link roads of the "del Sole" motorway.

The Caserta-Salerno motorway was planned, in view of possible traffic, according to the new plan for motorway sections with three lane carriage-ways. As for the link points in Naples, this original project will allow for the use of the two link roads from Barra and Capodichino as a by-pass of the city between the tangential link road of Infraduro on the one side and link roads with the Naples motorway and the port of Naples on the other, carried out by ANAS on the other. The project also allows for the remarkable development of tourist and commercial motorways within the immediate outskirts of Naples as well as for the construction of a further entry point in between the ones already existing. The same management for new motorways was extended to other areas, such as the Mezzogiorno, and in particular, the Adriatic region where the network, still under construction, aims at developing tourist centres and therefore traffic centres. The most important of these projects will be carried out in the area of the town of Foggia.

Work for the construction of the Adriatic and Mestre-Vittorio Veneto motorways, which should be completed in 1972, continued at a fast pace.

AUTOSTRADE is also planning two other major projects which are part of the development and completion programme drawn up in accordance with the Law of March 28, 1968; this entails the doubling of the carriage-way from Melfeto to Alghero, on the Mezzogiorno motorway and the construction of a third lane on the Milan-Bergamo motorway.

The Company has developed and perfected the Bari-Taranto project and the "del Traforo" motorway with a view to commencing work in 1971. The project to increase to 6 lanes the "del Sole" motorway with regard to the Milan-Bologna section, which has the highest amount of traffic in the summer is at an advanced stage.

The situation of the national motorways network at December 31, 1970 was as follows:

	Under	In use	Construction	Planned	Total
Managed by the State	495.9	171.4	32.2	750.5	
Agents: AUTOSTRADE	1,316.7	379.5	60.1	2,016.6	
Other Agents	1,483.3	615.4	823.5	2,922.3	
Total	3,906.9	1,166.3	1,525.8	6,695.3	

AUTOSTRADE network in use reached 1,917 Km at the end of 1970, 65% of the 2,917 Km entrusted to agents.

The cost of work carried out during the year reached Lit. 110,000 m. of which Lit. 86,000 m. represent tenders, Lit. 5,000 m. complementary work and Lit. 15,000 m. expropriations, compensations and general expenses for planning and construction.

In the 14 years since the first stone was laid down for the Milan-Naples motorway, on May 19, 1956, the Company has opened up approximately 130 Km of motorway per year. A total of 11,000 m. Km were used compared to 9,500 m. in 1969, a rise of 16% for an increase of 16.6% of the network over the past two years. Trade traffic represents 33.6% (23.4% in 1969) of the kilometres used.

AUTOSTRADE's policy has been to set up a direct connection between promotional activities—above all as regards the Mezzogiorno network—and tariff facilities. In view of this, in collaboration with the Ministry of Tourism, since July 1, 1970 preferential tariffs have been granted to foreign tourists on the southern motorway of Rome and Pescara. Subsequent results have been favourable and encouraging and were appreciated by the competent authorities with whom they seek a way for a closer collaboration.

Accidents on the I.R.I. network covering 100 m. Km has decreased by 8% compared to 1969, by 12% for fatal accidents and by 9% for deaths. These positive results match the curb in accidents on all Italian roads, which are higher than those on motorways.

"GIFTS AND SOUVENIRS"

Exhibition of Handicraft Co-operatives Goods

Bucharest 15th - 25th September, 1971



cordially invites you to visit the exhibition where there will be an exhibition of a wide and new range of folk art items made out of textiles, wood, wrought iron, knotted carpets of oriental type, Romanian carpets, various household articles, Christmas-tree decorations, etc. We are waiting for your visit in the new pavilion of Handicraft Co-operatives in Bucharest-Scintela Square. For any information please apply to ICECOOP-Import-Export-Bucharest, 12 Marin Serghiescu St. tel.: 460-469 telephone: 12.10.69; Cable: ICECOOP BUCHAREST-Romania.

ELECTRONIC MACHINE COMPANY LIMITED

Substantial Improvement Anticipated

The Annual General Meeting of Electronic Machine Company Limited will be held on 15th September at the Great Eastern Hotel, London, E.C. at 12 noon. The following is an extract from the circulated statement of the Chairman and Managing Director, Mr. M. Wellings:

The trading period ended in April 1971 has been a difficult one for the Group but the profit figures, if taken in isolation, reflect an inaccurate current earnings and assets position of the Group unless the write-offs and provisions made are taken into consideration.

The Group Profit before tax was £121,076. An interim dividend of 3 p. per cent. has been paid and the Directors recommend a final dividend of 9 p. per cent.

With regard to our claim on British Drug Houses this is still in the hands of Solicitors and we have no indication at present as to the duration of these proceedings. The claim is for an amount in excess of £600,000 and we hope the legal process will finally resolve this in the not too distant future.

Reverting now to information on our current trading prospects, Vacwell Engineering Company, our Mitcham based Group, bought during the year for £120,000 a Sales Company to strengthen its Aviation Division. The Aviation Division showed a profit before tax of £37,000 for the period ended April 1971 and is currently trading at twice that profitability.

The Electro-Mechanical Division of Vacwell produced a profit of £41,000 and as its current production and order book is considerably higher than last year it should ensure a minimum profit of £60,000 for the current year. Vacwell's other activities, including the Electronic Division, produced £55,000 profit before tax and the order book is satisfactory but at present shows little improvement.

The Coventry Group has suffered from increased costs and static production returning only £39,000 profits before tax. The Coventry area has been the worst hit with regard to wages being forced up practically every month without any extra production. We hope that the Coventry Group will return to a more realistic profit cost ratio.

The greatest setback has occurred in Panax, our Redhill subsidiary. This Group returned a loss of £47,500 for the past trading period. Panax is at present running profitably and is budgeted to recover at least £60,000 this year. The order position is now showing a satisfactory improvement and



The Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

TRANSPORT

Avoiding near misses

A BIG step forward towards the elimination of near misses in the approach to or departure from major airports has been made as a result of the successful testing of the "Secant" system in course of development by RCA.

The basic version of Secant demands the exchange of radio signals between aircraft in range of each other. By measuring the characteristics of signals received in response to its interrogations, a navigator is able to determine which nearby flight constitutes a collision threat.

In larger versions of the system, the closure rate and the bearing of closing aircraft will be measured and from the results, the pilot will be provided with instructions on the

evasion manoeuvre—descend, climb, right, left or a combination of two of these.

RCA thinks the possibility offered of horizontal escape routes in case of a collision threat is of considerable importance; its engineers are continuing to develop the bearing and pilot indicator sides of the equipment.

Power requirements are low and expectations are that a fully solid-state system will be practical and highly reliable.

However, a considerable amount of development work still remains to be done since the test involved a DC-3 and Piper Aztec that is to say comparatively slow machines. These ran through a total of 50 simulated flight encounters on various patterns of collision

courses. In each instance, the Secant equipment detected the threat and gave the correct warning.

To add realism, a traffic simulator was used to provide the "clutter" which could be expected around a major airport in the 1980s. It was brought in during intentional attempts to saturate and deceive the system. These were not successful and the equipment rejected all spurious signals, detecting the real target in each encounter.

Use of Secant will not complicate ground equipment and it is intended to operate with existing and future ground control systems as well as to come in versions which will dovetail with simulated flight encounters on various degrees of sophistication demanded by the users.

Finding the quickest route

CITY CHAOS is becoming so severe that a number of electronics companies around the world are seeking a solution cheap enough to help the individual driver who is trying to get to a given destination within the city limits.

One system, now under development by the Siemens organisation in Munich, would provide the driver of an ordinary passenger car with a sequence of instructions that would guide him to the selected target, by devious routes perhaps, but in the quickest time possible having regard to traffic conditions at the time.

On the key set of a small special device installed in the dashboard of the car the driver would first set a pointer to the

destination he requires. To do this he would key in a number selected from a city map with numbered streets.

During the journey, the number is transmitted continuously back to the computer centre through induction loops laid under the road surface. The central equipment compares all the position data of all the vehicles under control with congestion data to derive a route.

The result of the comparison is a series of instructions transmitted to each vehicle telling it where and at what speed to proceed to get to the indicated destination in minimum time.

The receiving device in the vehicle causes a direction arrow and the suggested number of kph to light up until the vehicle

crosses the next induction loop, when the whole procedure is repeated and the display changes once more.

In the eyes of the Siemens designers, the system would not demand any radical or high cost change to the vehicles to the system. The specialised accessories, such as the destination selection switch and the instruction panels, could be built into any type of car or lorry without significant outlay.

Looking beyond the confines of a city, to which the system would not have to be limited, the system could be applied to the motorways and their users, so that a driver could be navigated from the Moulou Rouge to the Vatican without ever looking at a map.

Coke weight gauged in movement

AN electronic system for weighing trains of rail wagons to official accuracies while they are travelling at speeds up to 2 mph is currently under construction at the Birmingham factory of Henry Pooley and Son.

For the National Coal Board's proposed Coking Plant, scheduled to be built at the nearby close-coupled trains of four-axle and 45-ton two-axle wagons delivering coal to and from the plant. It will handle trains of mixed stock travelling in either direction and will indicate and record individual wagon weights to accuracies required by the Department for Trade and Industry (DTI) to permit stamping for trade use.

This is the eighth weighing-in-motion system to be built by Pooley and Son, the company's electronic in-motion concept was introduced commercially some 8 months ago. In-motion elements—some designed to weigh wagons travelling at 2 mph and more—have been applied to the BSC, CEBG, chemical industry, extractive

companies, and overseas railway authorities.

In the Norwood system, weighing will be carried out by a load-cell rail axle weight of 25-ton capacity, the axle weights—two or four—being automated to give each total wagon weight. The operation will be entirely automatic. Weights will be indicated on a digital display, printed by a tabulating machine on a paper tally roll, and totalled after the train has cleared the weighing system.

Prevents engine seizure

ENGINE control units designed to prevent seizure are to be fitted to the road tanker fleets of Berk and Berk Spencer Aids.

The units to be fitted are versions of the Robomatic system marketed by Stewart Automotive Equipment, of Bond Road, Warrington, Surrey.

Both engine oil pressure and water temperature are monitored; if for any reason a fault develops in either system the driver is given a combined audible and visual warning indicating engine stoppage in 25

seconds. Until the fault has been rectified the engine can only be started for periods of up to 25 seconds.

The Berk vehicles are to be fitted with modified units which also monitor the running temperature of the compressors used to discharge the contents of the chemical carrying tankers. If overheating occurs the main engine is stopped after a 25 second warning by means of a solenoid valve mounted directly into the inlet side of the injection pump. The valve is so designed that having brought the engine to a halt it is not necessary to vent the fuel system before restarting the engine. Consequently as soon as the fault has been rectified the vehicle can be driven away.

Pinpointing vehicles

EVERY organisation using a large fleet of vehicles should have constant knowledge of each vehicle's location, availability and duty. This information is essential for fast deployment of resources as required by police forces, ambulance services, etc., in taking action on notification of an incident.

But information concerning

police vehicle availability and location, if transmitted to the control room by open speech over the car radio system, occupies a significant amount of the system capacity and can be picked up by the persons whom the car in question is seeking to apprehend.

GECC-Elliott Process Automation has received through its supervisory systems unit at Coventry a £40,000 order to manufacture mobile data transmission units for police vehicles.

These units, ordered by the Home Office, will enable a police officer in his vehicle to transmit information in the form of a digital code, giving his location, type of duty and availability over the existing car radio system to a police control room. This information, being in code, will be confidential in the police, will take up very little time on the radio system and will speed up the transmission of the information to the control room.

In the control room the information will be decoded automatically and fed into existing GECC-Elliott computer-based vehicle availability equipment. The control room staff have immediate access to stored information on each vehicle, hence the whole fleet can be deployed with maximum efficiency to meet any incident which may arise.

ELECTRONICS

Plated wire memory

THE Marshall Space Flight Centre in Alabama has purchased a 128,000 bit plated wire memory from Honeywell. Called the JMW-Wire system, it is the company's advanced aerospace memory system and uses 2-mil plated wire and medium scale integration. In its standard form it can store 200,000 bits of information in 142 cubic inches.

The 128 kilobit memory will be used with the advanced Space Ultra-reliable Modular Computer for possible future applications to space stations. It will be a loosely packaged modification of the standard memory, easily expandable to the full 200k capacity without increasing the 142 cubic inch capacity.

Honeywell says it has tested these memories at 180 nanoseconds access time, 250 as read and 500 ns write while operating on 22 watts of power. The standard memory weighs about five and a half pounds.

The two mil diameter wire was chosen, says Honeywell, because of its compatibility with MSI power levels. Advantages stem directly from the reduction of the magnetic path around the

wire, resulting in a 50 per cent reduction in the word and bit current requirements. The increase in bit packing density available in heights of 0.125, 0.205 and 0.600 inches and can be incorporated in read-out packages complete with decoder/driver. Alternatively the packages can be supplied as display assemblies of two to 10 modules mounted in a windowed bezel frame.

NASA is at the moment studying a six to 12-man space station to be operational in the late 1970s. Honeywell is teamed with McDonnell Douglas Astronautics in multi-million dollar studies to design the space station, which could later be enlarged to a 50 to 100-man space base.

Solid state lamps and displays

A RANGE of solid state lamps, character and complete read-out displays has been made available by Pye TMC components division of Sevenoaks Way, St. Mary Cray, Kent.

Using gallium arsenide phosphide light emitting diodes the lamps and modules have leads flexible enough for bending yet sufficiently rigid to allow direct mounting to a printed circuit board. They may be driven

directly from the outputs of integrated circuits.

The character modules are available in heights of 0.125, 0.205 and 0.600 inches and can be incorporated in read-out packages complete with decoder/driver. Alternatively the packages can be supplied as display assemblies of two to 10 modules mounted in a windowed bezel frame.

Motor speed controllers

A SERIES of economic thyristor controllers for DC motors operated from standard single phase AC mains have been introduced by Saunders Electronics of Hockley, Leicestershire. The units utilise prepacked thyristor control modules which, the makers claim, give them an electrical performance usually only applicable to an expensive motor control system.

Called PL 348, the units range from 0.5 hp to 5 hp and incorporate a speed control range of 30:1 and a speed regulation of 2.5 per cent at maximum speed. Controls include speed setting potentiometer, inching push button, mains on/off switch, and can be supplied for local or remote control. Protection in the form of automatic electronic current limit is standard.

Filling and washing beer kegs

THREE new machines for washing and filling beer kegs, aimed at European brewers, have been announced by GKN Sankey, Albert Street, Bilston, Staffs.

One of these is a two-stage machine, while the three-stage version of the washing, sterilising and filling stations are all incorporated in one frame. Both of these employ an improved method of inverted filling which is claimed to give a much faster throughput than any other machine of this type.

The third machine is a small, tow-able manually operated unit intended for small breweries or for pilot plants. All the machines are designed according to Continental brewery regulations, and a new system of colour-coding is used for the pneumatic pipes to simplify fault finding and replacement.

GKN Sankey will be showing these machines for the first time at Interbrau 71, the international brewing exhibition to be held in Munich on September 19-22.

Distilling to order

PLANT erection is approaching completion at Fraser McNaughton's general purpose fractionating unit at Hendon Dock, Sunderland.

The unit, constructed throughout in stainless steel, has been designed to separate a wide variety of distillation projects such as arise from contamination of cargoes during shipment and is also equipped to handle large-scale solvent recovery and contract processing work in the chemical and allied industries.

This facility will prove particularly attractive during the current period of restrictions on capital spending in the chemical industry, it is expected.

There is 12,000 water tons of storage with suitable facilities for receiving liquids by road and rail and in tankers of up to 8,000 dwt.

Mr. I. M. Smallwood, the managing director of Fraser McNaughton, is also a director of Carless Capel and Leonard, and although independent of each other, the two companies have close technical links. The facilities they can offer in the custom processing field are largely complementary.

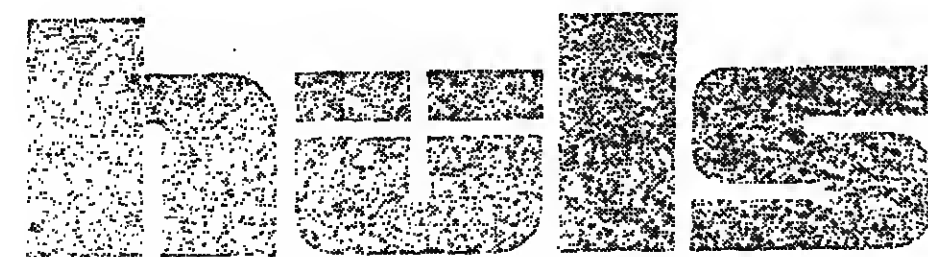
AUTOMATION

Sequential control for boilers

EQUIPMENT providing sensitive control of both domestic and industrial heating boilers, designed in the U.S., is now available in the U.K. through Perfection Parts, 59 Union Street, London, S.E.1.

Developed by Peeco Controls, it will provide proportional or on-off control of switches in multi-stage boilers or coolers and the actuators can control such components as circulating pumps, gas valves and heat input relays.

Since the system is modular, the customer can select exactly the right components for his application. Among these components are sensors for both boiler and ambient use, remote setpoint adjusters, damper actuators and valve regulators.



Plastics
Synthetic rubber
Detergent raw materials
Synthetic fibres
Paint raw materials
Chemicals



Chemische Werke Huls AG

D 4370 Marl



Bunawerke Huls GmbH

D 4370 Marl



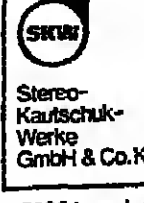
Faserwerke Huls GmbH

D 4370 Marl



Kalsayaboren-Werke Huls GmbH

D 4370 Marl



Stereo-Kautschuk-Werke GmbH & Co. KG

D 5090 Leverkusen



VESTOLIN GmbH

D 466 Gelsenkirchen-Buer

Hüls Group			1970	1969	Increase since 1969
Group turnover	gross net	million DM million DM	1334 1431	1446 1350	% 8.1 % 5.0
Investments		million DM	319	188	
Chemische Werke Hüls AG					
Turnover	gross net	million DM million DM	1349 1254	1293 1196	% 5.4 % 5.3
Export share		%	32.5	36.0	
Dividend		%	17.0	17.0	
Authorised capital		million DM	250	250	
Wages, salaries, social contributions		million DM	321	263	
Depreciation on plant		million DM	107	91	
Tax returns including equalisation of war burden capital levy		million DM	51	117	
Employees: Own labour force	number		15045	14431	30.6.1971 15000
Workers of associate companies	number		3647	2967	3764
Balance on December 31st 1970 (summary)					
ASSETS		million DM	LIABILITIES		million DM
Plant and financial investments		836.1	Authorised capital		250.0
Stocks		110.1	Reserves		252.0
Accounts receivable		290.9	Value adjustments		12.4
Liquid funds including securities		70.4	Provisions		197.2
			Accounts payable and adjustments of accounts		541.7
			Profit balance = dividend		44.2
		1307.5			1307.5

Jan. 1 - June 30, 1971 Huls Group net turnover million DM 748 (+3.6%)
Chemische Werke Huls AG million DM 628 (-1.0%)
capital investments million DM 107

Profits in 1970 were impaired considerably by increased costs for personnel, raw materials and power - a development which also continued during the first 6 months of 1971. The same applies to the holding companies.

Copies of the English Version of the Company's Annual Report for 1970 are available upon request from HULS (U.K.) Ltd., London S.E.1.

1970

Represented by:
huls (U.K.) Ltd.,
Eastbury House
30-34 Albert-Embankment,
London S.E.1

AFGHANISTAN

FINANCIAL TIMES SURVEY

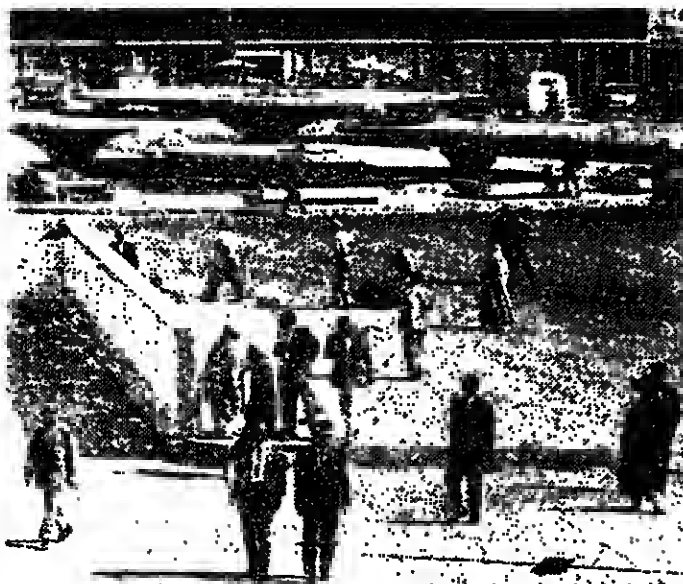
Old loyalties hinder progress

By NEVILLE MAXWELL

A sense of even the recent past is a help in appreciating Afghanistan, and seeing both the immense changes of the past two decades and the looming problems of the 1970s in perspective. To walk through what can now reasonably be called "Downtown Kabul" is to see a tony but modern city, new buildings pushing back a palisade of mud bousing onto the rimming hills. The bazaars look at first glance what they have always been, piles of melons, laden donkeys as static stores of grapes, and everywhere rugs. But among the traditional wares all the appurtenances of the consumer world are also on sale, and the tribesman in the capital on a rare visit may be intent this time on buying a short-wave transistor as well as cloth goods for the village winter.

As late as the middle 1950s Kabul had changed little from the huddle of mud buildings familiar to the doomed British garrison which spent a season there before it suffered massacre in attempting the march back to India in 1839. The first great change came in 1954 with the Soviet offer to pave the roads of the capital, and since then change has been steady and fast. Whole new suburbs of modern villas climb back onto the hills, and if many of these are for the present awaiting tenants the recent pace of expansion should encourage the owners to wait hopefully.

In the centre, a park has replaced the old carpet bazaar: the carpet stalls are now scattered through the city. Offices and, recently, hotels, have sprung up, catering for a shal-low but hitherto booming urban

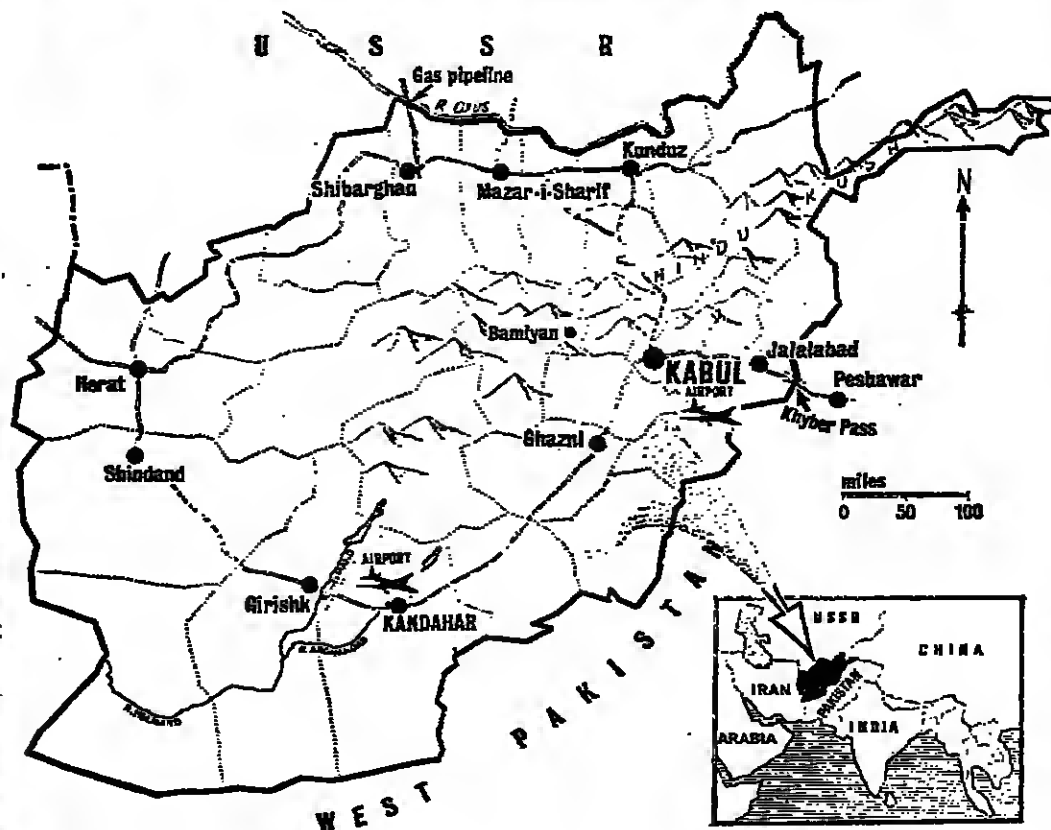


Pashtunistan Square, Kabul.

economy. To drive out of the capital too is to see the strong impact of a decade of development, fine new highways reaching out to most quarters of the country where before only the nomads with their herds or the intrepid with four-wheel-drive vehicles could make their way. Compared with what it was only a decade and a half ago, Afghanistan has made extraordinary progress. But that progress has brought it not to the hypothetical or metaphysical point of "take-off" until lately so much spoken of by the economists, but to the beginning of what promises to be a time of troubles, with the threat of turbulence of a kind the country has not seen since the downfall of King Aman-

ullah nearly fifty years ago.

One aspect of the problem is that development has reached a plateau. The infrastructure construction has been completed, the great new highways built by the Americans and Russians have linked parts of the country previously separated by weeks of trekking, but the end of the construction phase has meant the closing off of opportunities for employment, the upkeep of the roads has now begun to devour palatially onto the local exchequer—and moreover strong doubts have begun to be felt about the country's need for the road network it now has. The highways are much appreciated by tourists, or transcontinental wanderers en route from London



BASIC STATISTICS

AREA:	250,000 sq. miles
POPULATION:	17.12m.
GNP per capita	£25 (estimate)
CURRENCY:	£1=220 Afghanis

FOREIGN TRADE:

Exports:	£24.3m. (1968-69)
Imports:	£42.1m. (1968-69)
Exports to U.K.:	£ 6.4m. (1970)
Imports from U.K.:	£ 1.7m. (1970)

to Melbourne in their sleeper vans, but for villagers who still have only donkeys or camels to transport their goods, they do not make all that much difference.

Nil return

A sharper sense of misjudgment, if not of blunder, can be discerned around some of the big irrigation schemes, notably the Helmand Valley project promoted and developed by years of American effort. In almost every regard this has been a disappointment. The return on the investment has been practically nil until now and only the committed see real hopes of its ever paying off

in terms either of agricultural production or power.

While doubts about the wisdom of such development investment sharpen, the bill has still to be met, and debt servicing and repayments have now mounted so high that it is recognised that the new Government might have to impose a moratorium, unless the creditor countries can—perhaps in a consortium—find the means to provide relief.

The opportunities for industrial development are sharply limited in this overwhelmingly agricultural country of perhaps 10m. to 12m. population, but educational opportunities have been greatly widened in the past few years. The literate

labour force has been doubled, the numbers of those with university education have rapidly increased, with no proportional increase in the job openings available to them. The Government has been absorbing as much as possible of the university output in its own offices, but these are now heavily overstaffed, and the ranks of the educated unemployed are likely to grow from now on even faster than before.

The sense of broadened opportunities for the educated and potentially political class which came with the introduction of the new constitution in 1964 has vanished, to be replaced with an intensified frustration. The endemic and indeed traditional

corruption of the society has begun to chafe and become a scandal, fuelling potentially explosive political resentments.

The sense of strain evident from the general slowing down of the rapid development pace of the late 1950s and 1960s is being intensified this year by an acute and continuing drought, which has already begun to kill off great numbers of the herds which make up so much of Afghanistan's wealth, and to drive up the price of grain. There are reports already of urban disturbances reflecting the mounting cost of the bread which is a staple of the diet.

Sharp contrast

The sense of impending crisis which the inquiring visitor to Kabul finds, in sharp contrast to the mood of only three years ago, is intensified by the absence of any effective governance over the past few years. The constitutional Sargasso into which all the brave hopes of the mid-1960s have drifted has worsened the dilemmas of the "soft state" inherent in democratic experiments in such traditional societies as this. Afghanistan stands at the very bottom of the international league so far as taxation incidence is concerned, and there is no sign of the resolution—and royal support—needed to begin laying taxes on the only sector of the economy capable of providing significant new sources of revenue, agriculture.

And yet, for all the gloom tangible now in Kabul, it is also felt that recovery, or anyway a new chance, is not out of reach: in fact that relatively limited initiatives would have a broad and stimulating impact. If, unlike his predecessors, the new Prime Minister Dr. Zahir, could enlist the full and open support of the King—or, perhaps by the riskier course of defying the King, win the support of the Shura, or Parliament—the new Government might be able to break new ground in legislation and taxation.

Any attempts in such directions will certainly have the cordial support of the U.S. and the Soviet Union, Afghanistan's prime benefactors. From competition, these two have moved

into a tacit but sophisticated rapport in their aid efforts in Afghanistan, and the present sense of concern is common to both. With her smaller neighbours, Afghanistan's relations are less happy. The old quarrel about "Pashtunistan," the separate Pashtun state which Kabul would like to see carved out of West Pakistan, is dormant, but the Pakistanis have not been diplomatic in turning this lull to advantage in curbing cordiality, and pinprick limitations to Afghanistan's trade through Pakistan continue.

It is likely that the Home Department of the new Government will be more crucial, though, than the Foreign Ministry. The introduction of parliamentary forms, however rudimentary, and the electoral experience that has come with them, has introduced new strains into the traditional society, and may have begun the process of translating differences between different sections of the population into rivalry, rivalry into hostility, which one has seen work itself out in other areas of South Asia. But half of the population are Pathans, the remainder being made up of Uzbeks, Hazaras, Tajiks, Turkomen and other, numerically smaller peoples. The Pathans dominate, but this domination is being resisted ever more articulately, and opposition to the Pathans is finding its readiest expression in linguistic particularism.

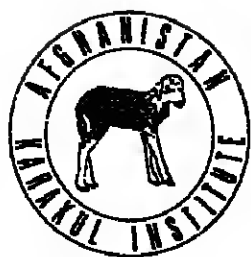
Great danger

Here, perhaps, lies the greatest long-term danger for Afghanistan. If the heart of nationhood is at bottom an attitude of mind, that is plainly lacking in Afghanistan. Here the roots of loyalty are still tribal, and Afghanistan is more a structure of boundaries—engendered for their own benefits by the 19th century British and Russian empires, than a nation in the cultural, still less the ethnic, sense. By all present signs, South Asia is moving now into a turbulent period from which may emerge a redrawing of national boundaries, and Afghanistan will be lucky not to be drawn into the process in the long run.

The beauty of Afghan Karakul



Natural grey Astrakhan coat by HEINZ MÜLLER of Frankfurt

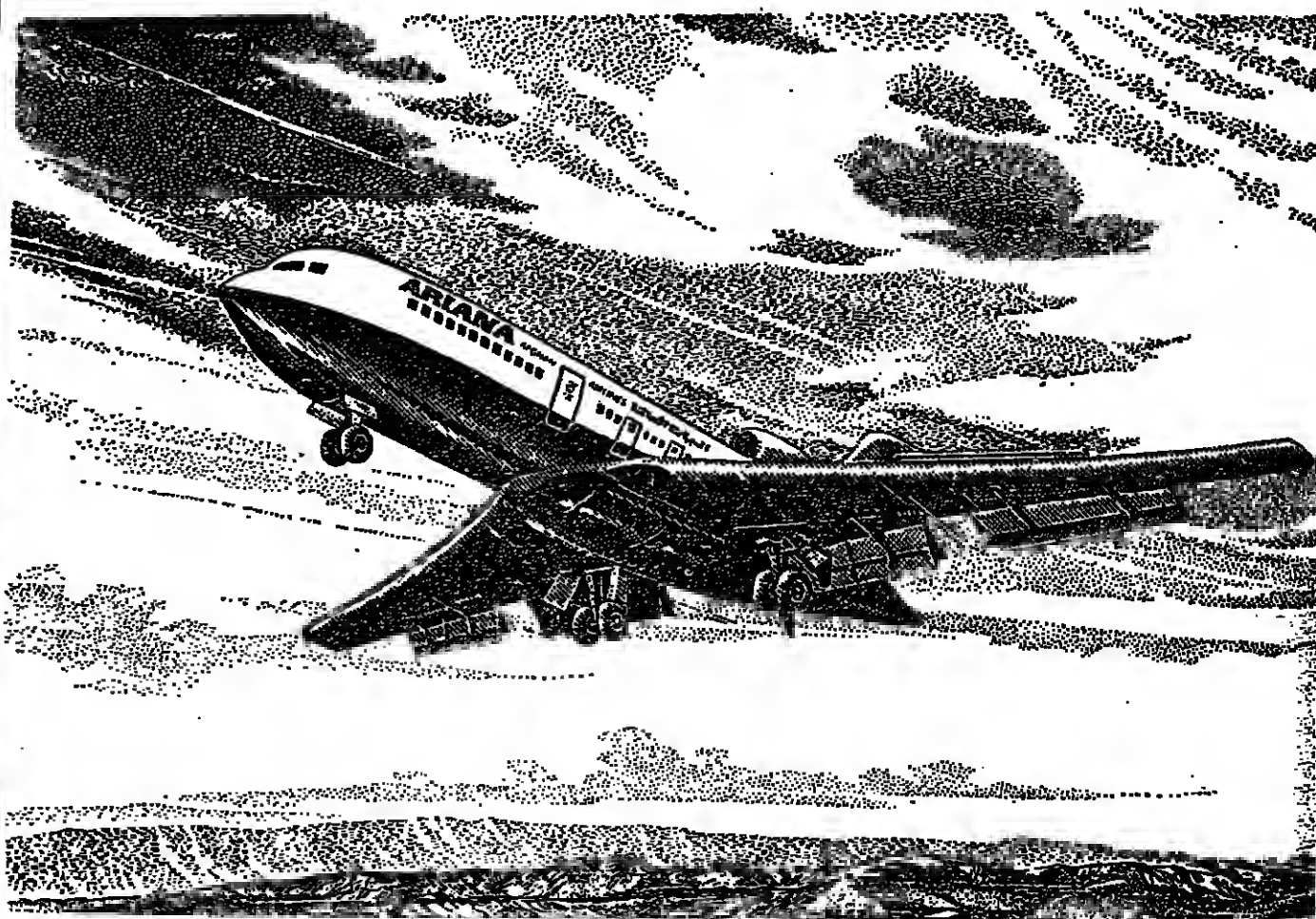


AFGHANISTAN KARAKUL INSTITUTE

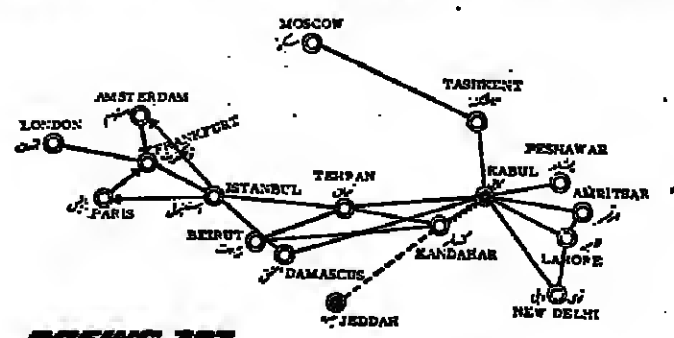
P.O. BOX 506
KABUL
CABLES: AFKIN

Now Three Services a week between AFGHANISTAN and EUROPE

Departures: LONDON — Saturdays
PARIS — Thursdays
AMSTERDAM — Tuesdays



Say "AFGHANISTAN"
And you think of the friendliest country
Say "ARIANA"
And you've thought of the friendliest way of getting there



ARIANA AFGHAN AIRLINES
CALDER HOUSE 1 DOVER STREET LONDON W1 PHONE 01-493 3260

هڪ ڏينهن ڏانهن

AFGHANISTAN II

Growth prospects remain bleak

by JULIAN BHARIER, Department of Economics, University of Durham

Despite massive injections of foreign financial aid and technical assistance, Afghanistan's economy on the eve of the fourth five-year plan has advanced little over the last 15 years.

An extremely low rate of economic growth over the past few years has been barely sufficient to offset the growth of population, and though in the absence of a census both population and GNP estimates are little more than guesses, it appears that average annual income per head has remained in the region of \$25. While one starves, many of the people live dangerously close to minimum subsistence level.

The Minaret of Djam

An Excursion to Afghanistan

FREYA STARK

*Central Afghanistan to Herat and Kandahar, an antique and still inviolate land which, with its long echoes of Alexander, Tamerlane, Babur, is perfectly designed to catch the regal glow of her observations. She remains unexcelled as an interpreter of brief encounters in wild regions against the backdrop of history.

Illustrations, drawings and a map. £2.35 net

John Murray

Each morning in Kabul and the other large cities unskilled workers loiter on street corners hoping for a day's casual labour for which they will receive the equivalent of about 15 pence, just enough to buy three meals of flat bread, goat's milk, cheese and green tea.

Even highly qualified engineers and administrators, including graduates of foreign universities, are unlikely to earn basic salaries of much more than £10 per month unless they take a second job or can reap unofficial rewards.

Although wages and salaries have remained stable the general price index has risen by about 40 per cent. in two years, partly as a result of successive annual budget deficits and partly because rainfall has been unusually low during the past two winters.

At government shops bread is subsidised, while private bakeries have met the rocketing cost of wheat by reducing the weight of each loaf from one pound to eight ounces. Mass demonstrations by different factions against the rising cost of living are almost an everyday sight.

Exchange rate

At the same time the free market exchange rate, which is accepted rather than controlled by the monetary authorities, has depreciated from \$1 U.S. = 75 afghanis to \$1 U.S. = 90 afghanis. However, because of the complicated system of multiple exchange rates in existence, this has not freed the country's balance of payments from difficulties. Afghan exports have failed to keep pace with the demands for imported products and the balance of payments shows a chronic deficit which can only be met by foreign aid or emergency drawings from the International Monetary Fund.

The political situation has undoubtedly had a retarding effect on the economy. The new parliamentary democracy has, in six years, failed to pass a single law which would help to improve the country's economic prospects.

The third plan (1967-71), both in original and revised forms, was never sanctioned by the Parliament because of the provisions it made for increased taxation and for a revision of the archaic and inequitable systems of collecting revenue from land and livestock owners.

Moreover, the Government, through its cumbersome and administratively inadequate Ministries, insists on interfering in every industrial enterprise. Private textile plants have hit particularly hard in this respect. The Government tells them what cotton to buy, from whom to buy it and what price to pay. Since in many cases it is also a major customer of the plants it also tells them what type of textiles to produce.

This is known as Afghanistan's "mixed-guided" policy of economic development.

The Afghan Textile Company, a semi-official institution, on the other hand, acts as if it were a monopoly, completely ignoring massive competition from other domestic plants or from imported or smuggled fabrics. Stocks pile up—some are over two years old—and it appears that the management is insufficiently sensitive to adapt output and designs to the prevailing stock situation.

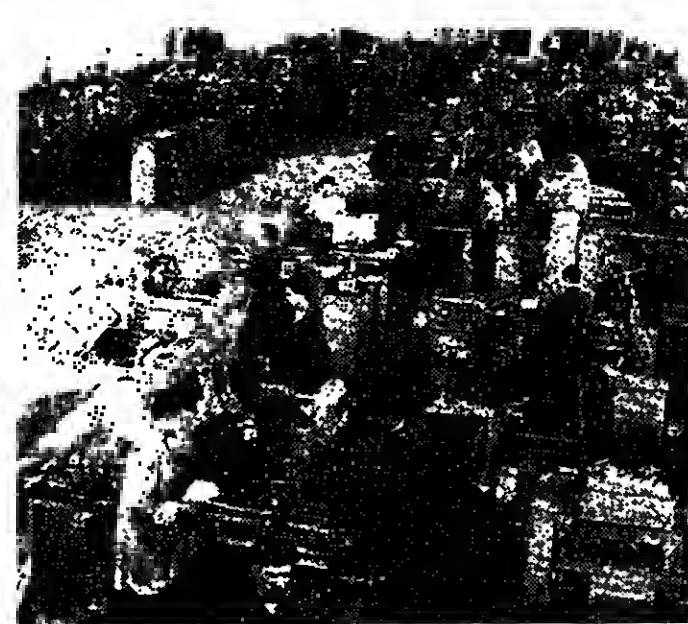
There is no such thing as market research. The company gets up its own stalls in the bazaar to compete with the knowledgeable and experienced textile merchants and finds that it just cannot sell its products.

The banking sector does not help either. There is, as yet, no industrial development bank, and the commercial banking system does not appear to be over concerned with attracting

deposits. Through a network of overt and hidden relationships each of the three purely domestic banks persuades the others to maintain the xenophobic and stagnant status quo. Bank Millie Afghan, the largest bank, is little more than a holding company, with a basic policy consisting of lending money out of its own reserves to the companies whose shares it holds.

Useful role

In spite of the difficulties facing new enterprises the Private Investment Law of 1967 has played a useful role in persuading some of the minority groupings in the country to set up plants. By June, 1971, 151 projects had been approved by the Investment Committee and 53 factories had been built and were in operation. Over 3,200 new jobs were created, and this has offset, at least partially, the growing number of urban unemployed.



The Jangalak factory, Kabul.

Inevitably, some of the companies were rashly established. Proper advice was often not available and many faced financial difficulties soon after starting operation. Others, it was later discovered, used the generous tax and duty concessions of the investment law to import final products which were then directly sold in the bazaar. Nevertheless, a slow start has been made.

Apart from these new factories what little change there has been in the structure of the economy has taken place in the infrastructure sectors. The first two five-year plans concentrated on roads, airports and hydro-electric schemes whose pay-off, even if they are successful, is only in the very long term. Yet many are not successful.

The new international airport at Kandahar, for example, has only one international landing each week. Built as a crossroads for European, Soviet and South Asian traffic with South Asia, it was only later realised that none of the major airlines had any immediate intention of using this particular crossroads.

But then this is the sad story of many of Afghanistan's infrastructure projects. Hydro-electric dams with insufficient waterflow to produce the required power; power plants with inadequate transmission lines; irrigation schemes for infertile or rock-strewn lands; new paved highways between places which are still linked by animal transport rather than motor vehicles or for which trade is practically nonexistent.

Urban development has been concentrated almost exclusively

in Kabul, where rural landowners and rich merchants, in whose hands an increasing proportion of the country's wealth is accumulating, have built modern brick and corrugated-iron-roofed houses, mainly with the hope of renting them to foreigners. However, considerable over-investment has taken place, and many of the houses lie vacant.

With little improvement in the system of tax collection, Government revenues have stagnated in recent years. Over 40 per cent. of the ordinary budget is inviolable; it is devoted to military and security expenditure, albeit to quell internal insurrections rather than to be used against any external foe.

Apart from civil servants' salaries and substantial foreign debt service, the rest of the meagre budget is divided out among poorly-equipped and inadequately-staffed schools and hospitals, which are fighting losing battles to improve the 5 per cent. literacy rate, the spread of annual cholera, influenza and malaria epidemics, and the extremely high rate of infant mortality—over 40 per cent. of children die before the age of five.

Shackles of poverty

The planners and their advisers realise that Afghanistan's last hopes of freeing itself from the shackles of poverty rest with the fourth Five-Year Plan, due to start next March. Already the disillusionment spread by the failure of three previous plans to improve standards of living and the mounting debt service of the funds borrowed for these three plans are adversely affecting the nation's will to develop.

For the new plan a new strategy is being drawn up with much greater emphasis on directly productive investments than before. Further large-scale projects, particularly in the agricultural sector, will probably be postponed, while rural works and extension programmes, including low-cost irrigation schemes and community development activities, will be encouraged.

Prospects for the rapid development of the economy are, however, poor. It will take many decades to pay for the wasted years, and some significant successes to dispel the present aura of frustration which almost perpetual poverty has induced.

BANK MILLIE AFGHAN

Head Office: Kabul, Afghanistan

Cable: Bankemilli

FOREIGN SUBSIDIARIES AND BRANCHES:

London: Afghan National Bank, Ltd.
Royal London House,
22 Finsbury Square,
London E.C.2

Hamburg, Germany: Bank Millie Afghan
Büro Hamburg,
Jungfernstieg 38, Hamburg 36

New York, N.Y.: Afghan American Trading Co. Inc.,
122 West 30th Street, 10001

Karachi, Pakistan: Afghan National Bank (Pak) Ltd.,
Nariman Kothari Chambers,
Macleod Road

DOMESTIC BRANCHES WITHIN AFGHANISTAN:

Eleven branches strategically located in the most important industrial and commercial centres of Afghanistan

WE ARE THE LARGEST AND OLDEST PRIVATE BANK IN AFGHANISTAN READY, WILLING AND ABLE TO SERVE YOUR EVERY BANKING NEED, INCLUDING:

1. Documentary Credits—Imports and Exports
2. Clean Payments and Transfer of Funds
3. Maintenance of Afghan and Foreign Exchange Current Accounts
4. Travellers Cheques in US\$ (American Express and First National City Bank) £ Sterling and Deutsche Marks
5. Credit and Trade Information

FINANCIAL INFORMATION AS AT CLOSE OF YEAR 1348 (20 March 1970):

	Afghanis
Paid in Capital	500,000,000
Undistributed Surplus	322,000,000
Total Assets	1,800,000,000
(Resources)	
Total Deposits	\$30,000,000
(Current & Savings)	

CORRESPONDENT BANKS:

New York: Chase Manhattan Bank, N.A.
First National City Bank
Irving Trust Company
American Express
International Banking Corporation
National Westminster Bank Ltd.
London: Dresdner Bank
Hamburg: Commerzbank
Düsseldorf: Commerzbank
Switzerland: Swiss Credit Bank
Union Bank of Switzerland

Political system still unsatisfactory

By NEVILLE MAXWELL

Like verbal Muzak, the sound of Afghanistan's new but already faltering democracy filled the air through most of July. Through loudspeakers at Kabul airport and other public places, on taxi radios and the ubiquitous transistor portables, the voices of the country's legislators droned on, day after day, week after week. A new Government having submitted its platform and Cabinet for approval the Wolesi Jirga (lower house of the Shura, or Parliament) was exacting its toll of air-time to rebuke the previous Government, admonish the next, and vent opinions on subjects of concern to themselves or their constituents.

That the proposed Government of Dr. Zahir would duty get its vote of confidence was never in doubt, but the long-drawn out process by which this was achieved was an ominous indication that in its relations with the legislature the new Government would be no different from its four predecessors under the present constitution.

This constitution was promulgated in 1964, after it had been ratified, clause by clause, by a special assembly of tribal and urban leaders, the Loe Jirga. It sought to carry Afghanistan from its accustomed forms of monarchical autocracy into the promised land of parliamentary democracy. With King Muhammad Zahir stepping back from absolutism into the wings as a constitutional monarch. In the mid-1960s it all looked very promising, the confident enthusiasm of the Afghan intelligentsia to whom the King had entrusted the task of drawing up a constitution was contagious. But if three years ago one could write that Afghanistan's experiment in constitutional democracy had run into a difficult phase, now it has begun to appear that the difficulties are chronic, even perhaps congenital and there is reason to suspect that they may be incurable.

Legislative arm

On the surface, Afghanistan's political malaise can be seen as a bad case of that derangement of powers in which the legislative arm encroaches on and ultimately paralyses the executive. The Constitution provides for an almost complete separation of the executive and legislative arms, and the potential for executive / legislative polarity inherent in this

arrangement is intensified by the fact that at present Afghanistan has no political parties. In consequence, the Government must find ad hoc support for every measure it puts forward, and there can be no expectation reflecting a standing Government majority, that its programmes can be implemented. In these circumstances, the legislature as a whole has tended to become the opposition, obstructing Government proposals on principle, while sometimes the Government has simply refused to execute measures passed by the Shura.



Nomads in the desert.

The achievement of a quorum has become almost a rarity, and even budgets have been passed tardily, long after the due date.

The result of this has been that five years of experimental democracy have left a sense of stagnation and frustration against which the previous decade, under the effective but stifling and repressively autocratic prime ministership of the King's cousin Sardar Daoud, has begun to look nostalgically attractive. The growing feeling might be summed up as "Better one-man government than many men's non-government."

If that view is to be heard at large, those who have studied Afghanistan's democratic experiment closely, whether as practitioners or as diplomatic observers, are more likely to put forward a different diagnosis, not that the country has had too much of democracy,

but that it has not had enough. The paradox focuses on the role of the King himself, and the nub of this diagnosis, often explicitly critical of the King, is that he himself has crippled the experiment he launched.

In its milder formulation, the diagnosis is that the King has been over-cautious in two ways. First, submitting the Bill which will legalise political parties to a prolonged debate has deprived the parliamentary system of the essential fuel and lubricant it requires. It is plain that the introduction of a party system will bring fresh

ment measures, the Shura would be almost bound to pass them as the loyalist spirit is still strong there. On the contrary, although of course every government so far formed has been of King's men (the King nominates the Prime Minister), the King, so far from supporting Government, has left it to battle alone against the hostile legislature, and all too often sacrificed his Prime Ministers to the legislature at the point of collision. The Government of Mr. Stanardi fell this spring because the Prime Minister refused to surrender to total legislative nomination, and the King lifted no finger to save him.

Bitter hindsight

It was a key point of the constitution that no member of the Royal Family was to hold Government office, or stand for election and this was seen as the demonstration of the King's sincerity. But there are those in Kabul's political circles now who, with bitter hindsight, see that article as aimed deliberately at excluding Sardar Daoud, for the benefit of the King rather than of the country, and who point out that the Royal Family has been able to confirm its social power in the past few years, and who see royal fingers in every lucrative commercial and industrial pie in Afghanistan.

In short, it is the King, rather than any inherent flaws in the system, who is beginning to be blamed for its evident failures. This analysis in all probability goes too far in ascribing ulterior motives to the King, but that since the original initiative the King's attitude has been a dead hand on the system cannot be denied. Like his predecessors, Dr. Zahir, the new Prime Minister, is a King's man, of course, but there are those in Kabul who believe that the only hope for the system—short of a change in the King's approach—is that Dr. Zahir and his colleagues will embark on their own confrontation with the King. There could be no better place to start than by making his support for the speedy passing of the Political Parties Act a matter upon which the Government would immediately resign.

Short of some such drastic change of course, Afghanistan's embryonic parliamentary forms seem bound to sputter on into irrelevance until they are violently discarded.

The only national insurance company in Afghanistan

AFGHAN INSURANCE COMPANY
(Incorporated in Afghanistan with limited liability)

دافغان بیمه سهامی شرکت



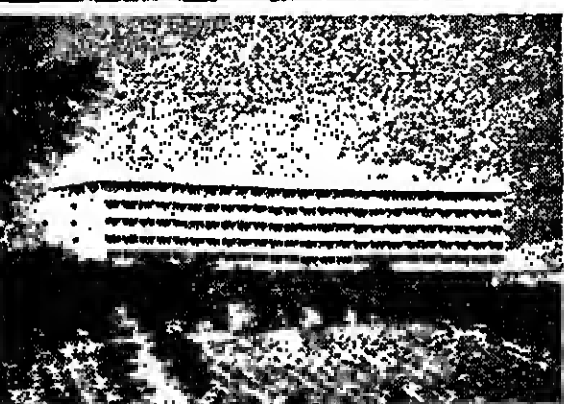
For all classes of insurance.
Fire, Accident, Burglary, Marine, Motor, Household.
Afghan Insurance Company.
P.O. Box 329, 26 Mohd Jan Khan Wat, Kabul.
Represented in the United Kingdom by
Guardian Assurance Company Limited

AWI

Afghanische Wollindustrie Ltd./P.O. Box 312
Kabul, Afghanistan
Cable: AWI-KABUL P.O. BOX 312, Tel. 5011/5063



Exporters
of
Dehaired
and
Processed Cashmere
and
Camel Hair Fibres



Afghanistan is a land of surprises: a land of astounding physical beauty, where transport is by super highway, super jet, by camel or by donkey. The Inter-Continental Kabul is a most agreeable surprise for here are all the comforts of the present in a land of infinite history. 200 guest rooms (centrally heated in winter, air-conditioned in summer), provide year round the ideal caravanserai for the business man and tourist. Centrally located, the Inter-Continental Kabul has two restaurants, a swimming pool surrounded by terraced gardens, and a wide variety of public rooms for relaxation or business meetings. Telephone Inter-Continental Hotels for immediate confirmation of reservations.

Inter-Continental Kabul

Kabul, Afghanistan

London 01-734 7435 • Manchester 061-834 1186
Birmingham 021-236 2549 • Glasgow 041-221 9030

For all
Banking Business
in Afghanistan



PASHTANY TEJARATY BANK
KABUL

Branches in all main towns.

Affiliated Banks in
Pakistan, India, France and Germany.

DA AFGHANISTAN

BANK

(Established 1939)



Head Office in Kabul:

Ibne Sina Street, Kabul, Afghanistan

Cable address: DAFBANK. Code: Peterson's 3rd Ed. Mosae

Capital: Afghani 500,000,000
Cash 2,200,000,000
Reserves 221,000,000
Deposits 4,200,000,000

BRANCHES THROUGHOUT AFGHANISTAN

Main operations:

- (1) Banknote Issue. Regulating circulation of credit and currency.
- (2) Regulating exchange and money market. Buying and selling of foreign exchange.
- (3) Monetary Agency for Government.
- (4) Government and private depository.
- (5) Credit extension to public and private sectors.

We have correspondence with all leading banks in the world. We are always ready to serve your banking needs at any point in Afghanistan. Whenever in Afghanistan or in need of banking connections in Afghanistan, call on your friends at Da Afghanistan Bank. Think of us as your bankers who always stand ready to serve your banking needs in every possible way.

AFGHAN CHAMBERS OF COMMERCE

DARULAMAN WATT, KABUL, AFGHANISTAN

Handles enquiries about Import, Export, Investment and all kinds of business to or from Afghanistan

Telegrams: AFGHAMBERS-KABUL
Telephone: 414-41147



Afghan Karakul is sold to the fur markets of the world at regular fur auctions held exclusively

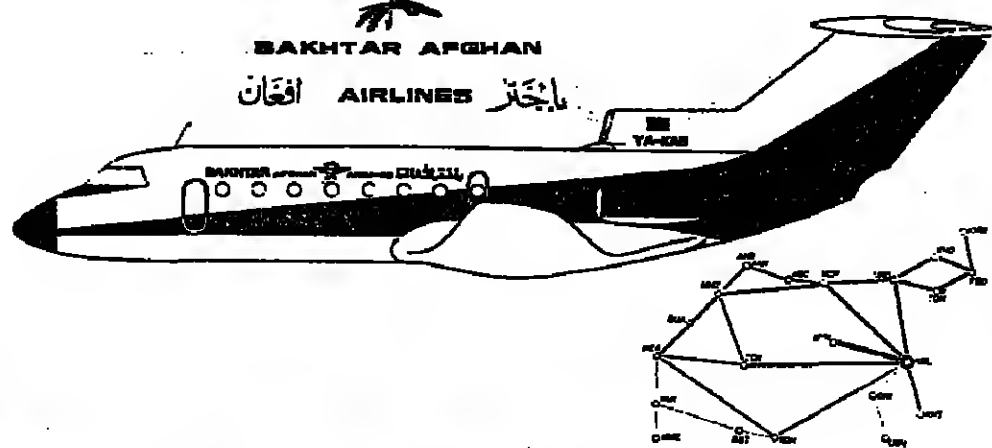
by
Hudson's Bay Company

LONDON

NEW YORK



BAKHAR AFGHAN AIRLINES



AFGHANISTAN III

New finance badly needed

By JULIAN BHARIER

Afghanistan is likely to ask its major creditors for a moratorium on foreign debt service payments for the period of the Fourth Plan. At the same time the country is seeking new sources of grants and soft loans to meet development expenditures over the next five years.

The sorry state of the external account can be starkly illustrated by the fact that annual debt service payments now amount to 30 per cent of export earnings and, unless a moratorium is held, will rise to 40 per cent over the next five years.

Optimists in the Ministry of Planning like to add a rider that if one excludes the Russian debt on the grounds that it is self-liquidating because of sales of Afghan natural gas to the Soviet Union, the debt service ratio is only 16 per cent. But pessimists look at recent reports on the lowering of gas pressure in the Shiberghan gas fields and have already approached the 16-member Gosplan team now in Kabul with proposals for a re-scheduling of debt payments.

The Russians are almost cer-

tain to agree to this. Of the total outstanding debt last year of \$475m., 75 per cent. was to the Soviet Union, which is unlikely to want to put heavy pressure on Afghanistan. Russia will not have forgotten that the three-year moratorium granted from 1965-67 reaped considerable political advantage in the country. And the Americans, to whom a large proportion of the remaining debt is owed, will have to follow suit.

Aid figure

Over the last decade about \$650m. has been received in foreign loans and grants, plus about \$20m. each year in technical assistance. If the population is taken as 10m.—much lower than the official estimate of 16m. but certainly nearer the true mark—this gives an aid figure of about \$65 per person per year, high by international standards but still apparently insufficient to raise standards of living.

It must be noted, however, that the aid donors themselves have been less interested in real economic development than in large, identifiable and politically prestigious projects, and

that, with a few notable but powerless exceptions, foreign experts have been of a generally low standard.

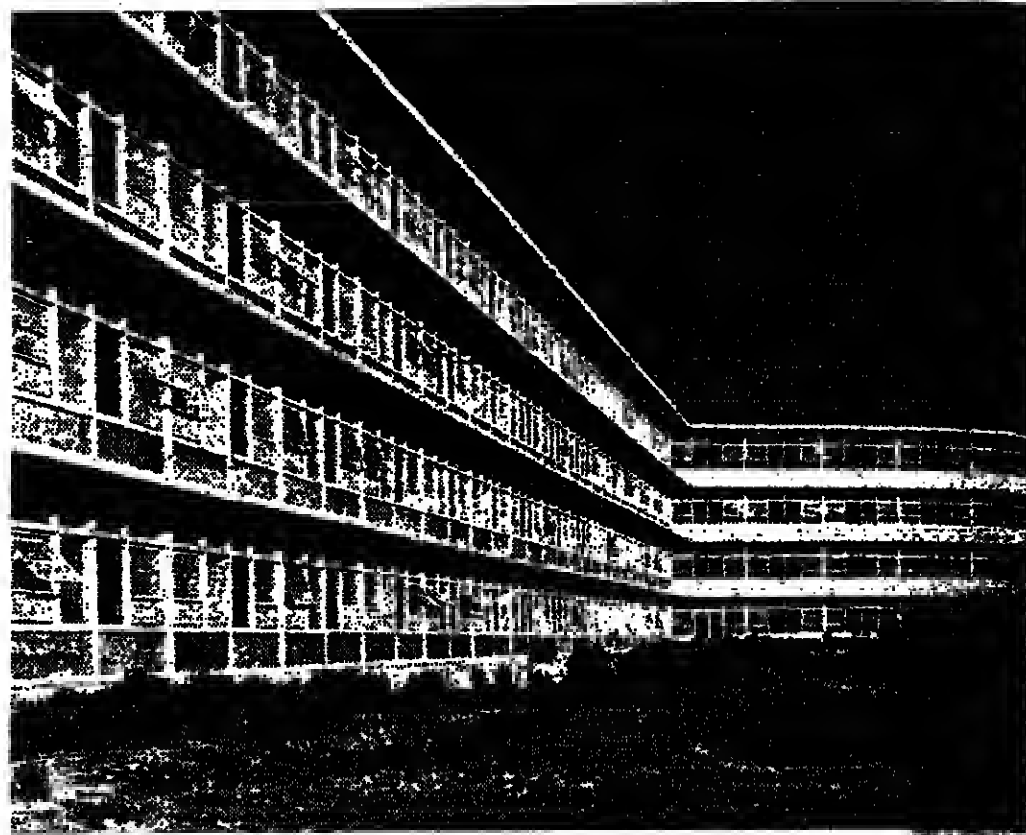
With little or no domestic resources to spare for future development, Afghanistan must still look abroad for funds. The Americans and Russians are committed to further aid and China, Czechoslovakia, Germany and Japan may also give more than they have previously given.

But the country now pines its real hopes on the international organisations.

The World Bank, which has a resident representative in Kabul, but has only made three small loans so far, is likely to step up assistance to about \$15-20m. each year over the next five years. The Asian Development Bank has given its first loan to Afghanistan and will soon give more. And the various United Nations agencies have promised a higher level of assistance.

Foreign aid is, of course, only a palliative for the balance of payments. The real problem is to get a closer relationship between visible and invisible imports and exports.

While the value of Afghanistan's officially-registered non-



Kabul University.

project imports has been increasing at 3.5 per cent. per year over the Third Plan period, exports (excluding natural gas) have increased at only 2.8 per cent. The difference is much higher when smuggled goods, development project imports and the undervaluation of values to avoid payment of customs duty.

The future of the export trade is not bright. During the past five years 77 per cent. of exports consisted of primary products, with karakul skins, raw cotton, fruit and wool being the major items.

The world market for karakul is not expanding rapidly and competition is vigorous from South West Africa and the Soviet Union. Afghanistan will be fortunate to keep its present share of the market in the coming years, particularly as there is now a growing tendency of Afghan sheep-owners to produce for meat rather than for karakul as domestic meat prices rise.

A similar situation applies to cotton. Farmers are shifting from cotton into wheat as wheat prices soar in the urban centres of population.

Dried and fresh fruits are, perhaps, the greatest potential exchange earners at present, despite the decimation of the harvest during the past two years owing to adverse climatic conditions. Even so, packing and transport facilities must be vastly improved if recent rates of increase are to be maintained.

One of the aims of the Private Investment Law was to encourage import substitution. In this it was successful to the extent that some textile and

Pakistan border, including an annual estimated 500,000 karakul pelts for shipment to Europe and the United States, is probably greater than the registered traffic. Furthermore, importing merchants are now expert at lowering declared values to avoid payment of customs duty.

On the side of invisible trade Afghanistan hopes to build up its tourist industry. The Government feels that by excluding private enterprise as much as possible and concentrating resources on the state-run Afghan Tourist Organisation it will be able to cater for an increasing number of foreign visitors.

Over the odds

The Afghan Tourist Organisation, however, charges twice or three times as much for its tours and tours compared with perfectly adequate local taxis it charges well over the odds for food. (The price of a pot of Afghantour tea is 11 times the price in a teahouse!).

Expenditure by tourists rose from \$2m. in 1967 to \$7m. last year, but it is felt that it is likely that this may fall off shortly. Major hotels, at the moment are only 40 per cent. filled at peak times.

A detailed study of the balance of payments is made extremely difficult by the fact that payments in convertible currencies and in bilateral accounting units are made through two separate exchange markets, each with its own multiple rate structure. It is certain, however, that a final cure for the chronic exchange difficulties cannot be expected in the foreseeable future.

Lowering the horizons for agriculture

By a Correspondent

Afghanistan's agricultural planners have suddenly turned with great interest and hope to the unheralded success of an eight-year-old German project in Pakia province. Many now regard it as the prototype of future development schemes for the country's stagnant agricultural sector, and the beginning of a gradual movement away from large-scale capital-intensive irrigation works.

The Pakia project has four important features. It relies on extension workers to instill in farmers methods of increasing productivity; it uses very little capital equipment; it ensures that the foreign advisers work in the fields rather than behind office desks; and it is independent of the Government's cumbersome control mechanisms.

About 40 German advisers and peace corps volunteers train local extension workers, encourage the construction of small dams and simple flood control structures—about 90 dams have been built so far and a further 3,000 are planned for the next three years—and distribute wheat as payment for rural community development works.



The country near Kabul, as seen from the Summer Palace.

The results have been impressive. Pakia province was one of the poorest in the country, but now farmers' incomes are rising relative to those in other provinces. The shortages of advisory and counterpart personnel, and gross underestimation of costs.

Many of these difficulties are gradually being overcome, but each year seems to bring new ones. This year, after the introduction of Mexipak and similar new, high-yielding varieties of wheat on about 10 per cent of the water-command area, the problem is birds.

Migratory flows

In previous years the annual migratory flows of birds used to hit the Helmand area before and after the domestic strains of wheat were ripe, and could cause little damage. Now, with the new strains ripening faster the birds arrive to find an unexpectedly pleasant meal awaiting them. About 90 per cent. of the new wheat crop has been lost, the bird population has been strengthened and many farmers have vowed to return to traditional wheat varieties next year.

But if Helmand is the millstone around the neck of the Americans, the Nangahar Valley is the problem child of the Russians. After joining this project they found that the land was inundated with rocks and that the topsoil was poor. Consequently, at enormous cost, they have had to transport topsoil into the area from nearby river beds.

Both Helmand and Nangahar were originally seen as the saviours of the agricultural sector. Now it is only a matter of international rivalry and prestige which keeps the Americans and Russians at their thankless tasks.

The Government keeps a tight rein on all agricultural activities at the national, provincial and village levels. It attempts to control sales, prices and marketing margins of most products and inputs. However, because of bureaucratic delays this has caused considerable frustration to farmers. A leading expert on Afghan agriculture considers non-interference by the Government to be of top priority for the achievement of the Fourth Plan agricultural targets.

One nettle that neither the Afghan Government nor its

foreign advisers seem prepared to grasp is the problem of land tenure. Indeed, it appears that some of the improvements that have been made (in parts of Helmand, for example) have served only to line the pockets of already rich land owners in the area.

The average size of farm holding over the country is 3.5 hectares, with 85 per cent. of the total number of holdings being under 4.0 hectares. A considerable proportion of these holdings, particularly in the more fertile areas, are worked by tenants who have little incentive to make improvements or by owner-operators who have little surplus income to finance them. No serious thought has been given to the possibility of land reform.

Credit facilities for farmers are in an elementary stage. But the Agricultural Development Bank, which until recently did little to deserve its name, has recently received a boosting loan from the World Bank and may now start to play a more important role.

Local level

Also under way is a project named PACCAs (Project Assistance for Credit and Co-operatives in Afghanistan) which, on a small scale so far, attempts to integrate agricultural development at the local level. This, too, is likely to be extended if personnel are available.

Little, however, is likely to be done for the improvement of livestock production. Many of the larger livestock owners (particularly sheep herders) are proudly independent and nomadic tribesmen who are almost beyond the influence of the planners. And, in any case, unusually heavy livestock losses during the past two years of drought will take many years to make up.

With agriculture accounting for over half the gross domestic product and employing about 80 per cent. of the working population, it is clear that progress in the economy as a whole rests on improvements in crop production. But such progress will not be achieved unless the Government accepts that it must forgo prestigious projects, encourage rather than restrict small-scale irrigation and extension schemes, and interfere less in the daily lives of farmers.

BOUT A'HOU



THE LEATHER AND SHOE MANUFACTURING CO. LTD.
KABUL, YAKA TOOT, AFGHANISTAN

We are producers of various styles of shoes for men, ladies and children

also
leather for shoes and clothing of different qualities including sheep skins
As well as exporters of cured sheep and goat skins.

Our products are made by skilled technicians on modern machinery to meet the requirements of a potential clientele.



KABIR & CO. LTD.
AFGHAN HANDICRAFTS EXPORTERS

MARK OF THE BEST QUALITY

We sell best quality hand-made products from Afghanistan in the U.S.A., Europe, Australia, Japan and in our lovely shop at Kabul.

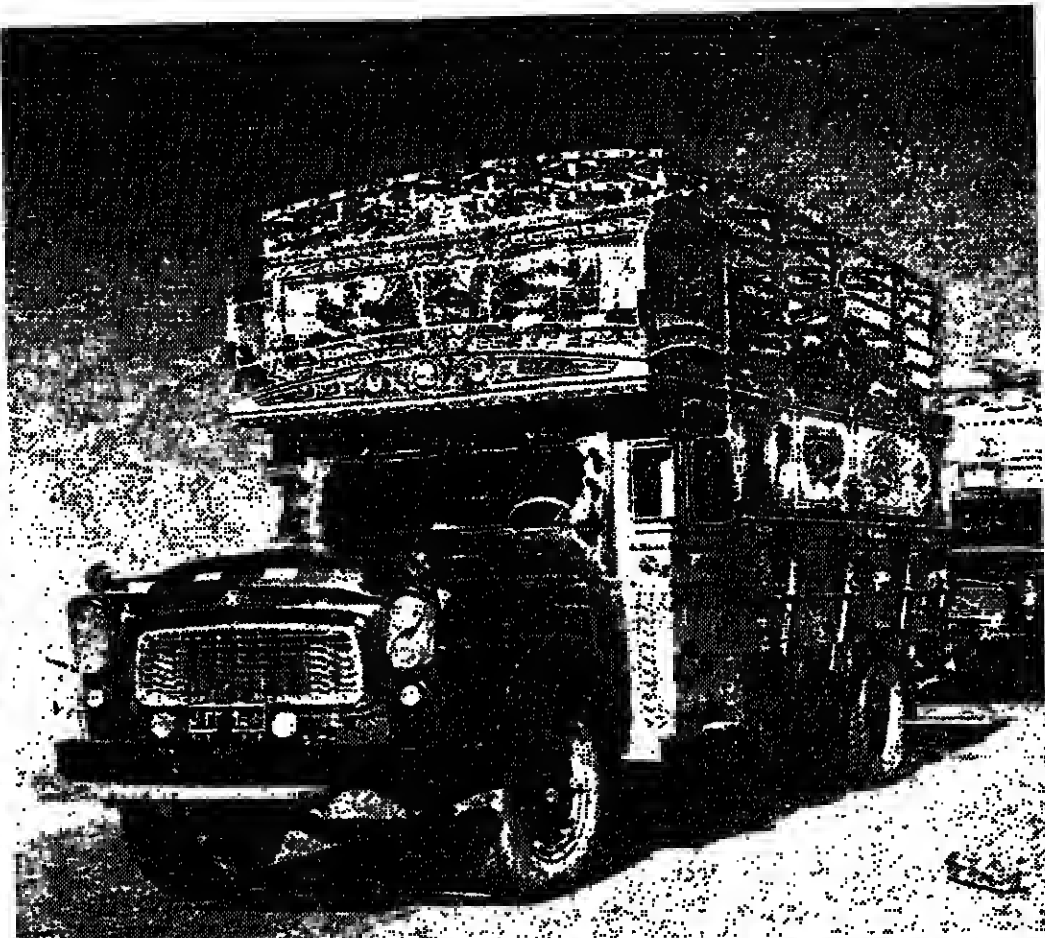
If you also are in this business sector or would like to know more about the Afghan hand-work activities, please write to us:—

P.O. BOX 406
KABUL - AFGHANISTAN
Cable: PUSTINTCHA Telephone: 30189

مکان اهل

The Financial Times Tuesday August 17 1971

AFGHANISTAN IV



Above left: Digging an underground water channel, or qanat.

Right: Highly decorated modern trucks on the road between Kabul and Kandahar.

Rich side-stream of tourists

By NEVILLE MAXWELL

Always a crossroad, Afghanistan has never been a busier one than it is now. To-day's Golden Hordes are less numerous than Genghis Khan's, but more regular in their visitations, less destructive, but by no means without their destabilising impact on the still highly conservative Afghan society, perhaps as irresistible, but anyway welcomed, even courted. The number of tourists visiting Afghanistan increased tenfold in the 1960s, to reach 45,000 in 1968, and since then has trebled again, so that the number this year is expected to fall not far short of 150,000.

Few restrictions

Nearly half of these come from Pakistan, for the shopping—there are few restrictions on imports into Afghanistan—and to see Indian films banned in their own country. The remainder come from far and wide, with Britain and the U.S. providing the biggest contingent and the Europeans next in line of march. Afghanistan is not one of the world's main tourist routes (and the white elephant airport at Kandahar is a monument to lost hopes in that regard) but it has succeeded in attracting a lucrative side-stream of traffic. Last year, according to the Afghan Tourist Bureau's calculations, tourists spent some \$5m. in the country. A substantial proportion of the visitors come on the overland route, many travelling by car, caravan or sleeper-van,



Hardware stall in the centre of Kabul.

from the Antipodes, and others. In fact passing through like any by wheel or by thumb, are following the hippy-trail that leads from the frustrations of the Occident via Kabul to Katmandu and, presumably, thence to Shangri La. The fields of poppy tended outside many of Afghanistan's tribal villages are one of the lures to some of these youngsters—and the good quality, cheap hashish available in the bazaars and serais of Afghanistan. The drop-outs and addicts pose a problem for the Afghan Government, and there are periodic demands for curbs on the entry of hippies, but the Tourist Bureau resists such steps, arguing that this would also affect the welcome stream of young people who may look like hippies but are

magnificent Bamiyan Valley, with its huge Buddha figures cut into the cliff-face. In spite of the immense improvement of the Russian and American aid brought to Afghanistan's roads, this is still a six-hour drive from Kabul, but in the past few years an internal air-line has been started, flying Canadian or Russian aircraft taking a dozen passengers. On these the more hurried tourist can see the Bamiyan Valley and return to Kabul the same day. A new hotel is planned at Bamiyan but the present arrangements must be more attractive to many. The Tourist Bureau has set up a sort of cabin camp, using the yurts, or felt tents of the Mongols, as suites for visitors, and achieved a high level of comfort which is still a far cry from the modern hotels. There are windows in these yurts, and bathrooms attached, and other refinements unknown to the Mongols and other nomads who still use them, but the essential form is retained.

Popular route

Another popular tourist route inside Afghanistan follows the highway Russians built through the Hindu Kush, pierced near the crest of the Salang Pass with a tunnel, and then descending to the valley of the Oxus beyond. Those with more time, and stronger vehicles, can get permission to travel the Wakhan Strip, that elongated peninsula of Afghan territory drawn out by the British and Russians in the late 19th century to keep their own frontiers apart, which is an area of wildly beautiful country of much interest both to archaeologists and ethnologists. Afghanistan is no longer without the usual, and often tiring, recourses for the tourist—there are swimming pools (bikinis where only a few years ago a woman might be stoned for not wearing a burqa), and even night clubs; one of these, a hideous construction, by Disney Land out of Sunset Strip, is just being completed right opposite Kabul's main mosque, the protests of the mullahs being overridden. But the country's real charm lies quite elsewhere, in its harsh and tawny hills, and the brilliant valleys that intersect them, glistening with rivulets, in its people, and in the monuments and remains of the other peoples who have passed this way. It is these that will, it seems, keep the numbers of tourists making a stop here increasing steadily for some time to come, to the marked benefit of the country's stunted and of the traditional handicraft industries, producing such goods as sheepskin coats, which have been quickened and nourished in the past few years.

New success in karakul trade

By IVY M. SHARP, Fur Market Correspondent

The Afghan karakul (Persian lamb) plays a very important part in London's fur auctions. Each year some 1.7m. skins are sold under the hammer to buyers from all the fur-consuming countries of the world. To-day's Afghan skins are well-presented and meet the stringent, but volatile, demands of the fashion industry, as far as colour and curl are concerned, and have the general appearance of being a sophisticated commodity for a sophisticated society. They also contribute more than \$15m. hard currency to the Afghan exchequer. In fact, so important is the karakul to the Afghan economy that in 1968, the Government issued a new postage stamp bearing a picture of the karakul lamb.

It is estimated that roughly a third of Afghanistan's 17m. people are nomads whose time is spent harvesting sparse crops in the occasional fertile valley and culling Karakul lambs that graze on the hillsides. Karakul played a relatively important part even in the early days of developing trade after Afghanistan became independent in 1918. Ill-assorted, badly handled, extremely small pelts filtered through to the consumer markets via Karachi. They were mostly tight curled black skins and their attraction was very limited. For half a century the quality of the merchandise changed little, although by 1955 the Hudson's Bay Company was offering these skins by auction. After the initial interest, the response was discouraging and

gradually demand dropped—as did the prices obtained for the pelts. Then in July, 1966, the Afghan Karakul Institute came into existence and from that point onwards, the Afghan Karakul's star has been in the ascendency. A new sorting station outside Kabul was put up, financed by the Institute itself and situated near the new airport: dust-removing machinery was installed, along with other modern items of equipment: the shepherds were taught scientific breeding, so that their produce met the world's requirements and gradually the Eastern bazaar attitude to marketing was replaced by modern trading methods. In consequence, nearly 70 per cent of the crop is grey coloured and the balance black, instead of the reverse situation. Furthermore the crop now includes more than 100,000 fine chasnaqi curl, when previously only negligible quantities of this type were produced. These changes alone have earned over \$4m. extra income for Afghanistan during the past two seasons.

Water shortage

In the past, the skins were washed in pools of stagnant water, the mud getting thicker as the leather of up to 1m. was scraped in it, for in Afghanistan water is at a premium. The skins were then taken by donkey to quassins, the centres where they were cured,

Quassy is a meal, salt and water mixture prepared in a camel bide into which batches of 50 Karakul skins are immersed for a day and a-half, the consistency varying according to the mood of the minder. They are eventually laid out in the sun, stretched into a reasonable shape and left to dry, prior to being wrapped in goatskins and shipped to the Hudson's Bay Company either in London or New York. In the not too distant past it could take several months for the skins to reach one of these points of sale as they were transported via truck to Russia, train to Leningrad and by sea to London and the U.S. This meant that pelts could be up to a year old before they were marketed.

To-day, the skins are scientifically sorted and air-freighted to their destination, the whole operation taking as many days as previously it had taken months. In the last stages of the five-year plan, a curing station in Mazar-i-Sharif, established by the Afghan Karakul Institute, is being built with its own artesian well, laboratory and offices. This is expected to be operational next year. Add to this, modern ranching and pasture developments, an increasing range of natural coloured Karakul pelts brought about by a knowledge of genetics and selective breeding and you have the answer for the Afghan Karakul's success.

AFGHANISTAN



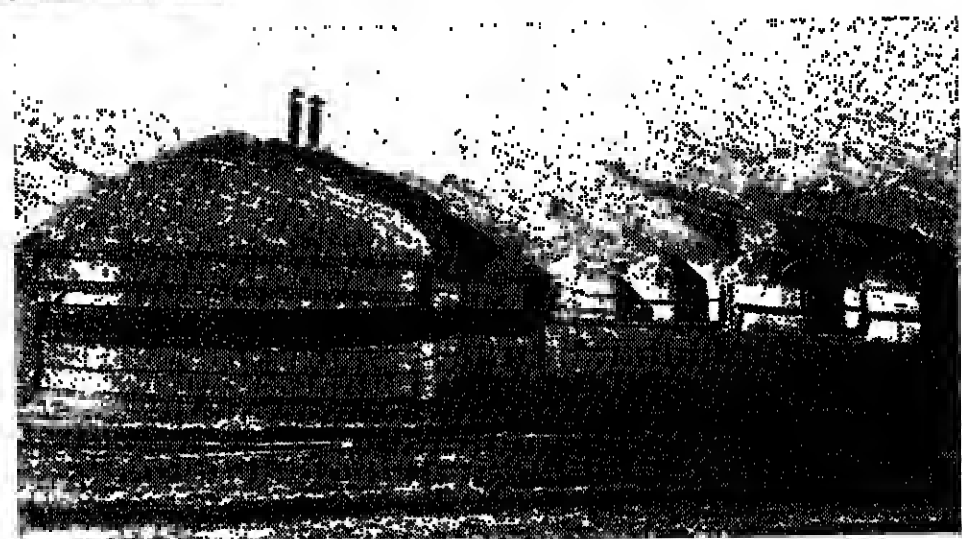
BAMIYAN: the 175 ft statue of Buddha carved from the living rocks

Don't miss the opportunity of an exciting journey to this land of colour and contrasts, rich in history and archaeology and magnificent mountain scenery.

Follow the routes of Alexander the Great, Marco Polo and the Silk Route.

The colourful valley of Bamiyan with its two giant statues of Buddha, tallest in the world, (175 and 120 ft. high) may be called the eighth wonder.

Historical cities of Herat, Kandahar, Mazar-i-Sharif and the ruins of the ancient city of Balkh, are but a few names that make your journey thrilling and enjoyable.



BAMIYAN: Yurts, ancient accommodation with modern comforts

For all tour arrangements to all parts of the country contact

AFGHANTOUR

a section of the Afghan Tourist Organisation, Kabul, Afghanistan.

It will take care of you and make your visit unforgettable.

Our London Office: 3 Carlisle Avenue, London, E.C.3. (Tel: 01-480 6522)

NETHERLANDS-AFGHAN TRADING COMPANY

HOLLANDIA

MANUFACTURERS' AND SUPPLIERS' REPRESENTATIVES KLM GENERAL AGENTS



IMPORT - EXPORT COTTON - OILSEEDS DRIED FRUITS AFGHAN CARPETS AND HANDICRAFT

ADDRESS: BANKE MELLIE CLUB BUILDING DJADE NADIR PASHTOON P.O. BOX 26 KABUL - AFGHANISTAN

TELEPHONE: 20298 - 20526

CABLES: HOLLANDIA KABUL

Geoffrey Cass,
Group Managing Director,
GEORGE ALLEN & UNWIN LTD.
Park Lane, Hemel Hempstead, Herts.

The starting salary will reflect ability and experience but will be generous.

Please reply in confidence to:—
Box A.2145, Financial Times, 10, Cannon Street, EC4P 4BY.

S.E. CLERKS' PROVIDENT FUND
14, Austin Friars, E.C.2.
Tel. 01-588 3015.

As a result of the closing of the exchange markets in London yesterday, the rates in the ta-

of the foreign countries listed are officially controlled and the rates shown should not be taken as being applicable to any particular transaction with the other centres below are the

1. This part of the French community in Africa formerly part of French West Africa or French Equatorial Africa. Government Tax of 8.2 per cent, London note rate 14 1/2% of the French-Scheldens. Abu Dhabi has adopted the English dollar, Dubai, Ras al Khaimah and Sharjah have introduced the United States dollar. The United Arab Trucial States, Ajman, Fujairah and Umm al Qawa'in, Malaysia and Singapore and Brunei on June 13, 1967, have introduced the United States dollar which for the time being will be freely interchangeable.

2. Rate of oil and iron ore exports not available.

3. Rate of most transactions including exports, imports and non-current transfers is based on the London note rate. The rate of most transactions is based on the London note rate; exceptions are preferential rates for oil exports and crude oil imports which are not currently available.

4. Latest appropriate official rate. Free market rate in Brussels - 100 U.S. dollars = 100 U.S. dollars.

5. London note rate 14 1/2%.

6. The Kwacha (equal to 100 Ngwezi) was introduced on January 1, 1967. The Kwacha pound remains legal tender until further notice.

7. Rupee is not pound. Tourists visiting Ceylon receive a

8. There is a special tourist rate of 40 shillings to the dollar on exchange beyond a certain amount.

9. Hong Kong dollar is 12 sterling.

10. The exchange system has been revised, and the general official parity of the U.S. dollar in the U.S. dollar introduced. London note rate 1,600-1,700.

11. Bermuda has introduced a decimal currency, based on the U.S. dollar. The U.S. dollar is the U.S. dollar, which remains legal tender for the time being.

12. A decimal currency, the dollar, equal to 10 Rhodesian shillings was introduced by the independent regime on February 1, 1967. The Rhodesian dollar is the parity of \$US25.00. The parity of the Rhodesian dollar is \$US1.00.

13. A new currency, the Rial Saudi, at gold parity with the U.S. dollar, replaced the Gulf Kuwait.

14. Dealings between the two currencies began August 18, 1967, when the Rial was devalued from 18 to 25 to one U.S. dollar.

15. There is an official market rate of about 250.2 applying to certain transactions. The rate given is the parallel market rate, and applies in general.

Chesil

THE FINANCIAL TIMES

Established 1888
Incorporating THE FINANCIAL NEWS
Established 1884

Head Office Editorial & Advertisement Offices.
BRACKEN HOUSE, CANNON STREET, LONDON, EC4P 4BY.
Telephone Day & Night: 01-248 8000. Telegrams: Fioantim, London.

Telefax: 886341/2, 883897
FIR SHARE INDEX AND BUSINESS NEWS SUMMARY RING: 01-248 8025
Bureau: 01-248 8025
London: 01-248 8025
New York: 01-248 8025
Frankfurt: 01-248 8025
Paris: 01-248 8025
Rome: 01-248 8025
Stockholm: 01-248 8025
Tel Aviv: 01-248 8025
Bombay: 01-248 8025
Calcutta: 01-248 8025
Colombo: 01-248 8025
Hong Kong: 01-248 8025
Kuala Lumpur: 01-248 8025
Singapore: 01-248 8025
Tehran: 01-248 8025
Tokyo: 01-248 8025
Zurich: 01-248 8025

TUESDAY AUGUST 17 1971

In search of a new balance

PRESIDENT NIXON'S broadcast marks, as he himself acknowledged, the formal end of an era—the era which began after the last war with the establishment of a new international monetary and trading order and the provision of massive aid by the United States to help restore the economies of its allies and former enemies. The aid has done its job, the economies of its allies are now strong, and they will be expected in future to assume a larger share of common burdens and to allow the U.S. to compete more freely in their markets. The broadcast also marks the introduction of what the President described as the most comprehensive new economic policy to be introduced in the U.S. since the 'thirties.

The severance of the link between the dollar and gold has understandably received most attention abroad. But the decision to sever this link must have been due, at least in part, to the President's anxiety about the state of the domestic economy, the failure of the action already taken to produce the strong upswing hoped for, and the continuing combination of rising prices with high unemployment. To counter unemployment he is introducing investment grants and cutting taxes, offsetting the effect on his Budget deficit by cutting public expenditure and foreign aid. To counter inflation he is introducing a three-months' freeze on wages and prices.

Economic stimulus

These steps will give the U.S. economy a strong stimulus, but two criticisms can be made of them. The first is that the stimulus has been long delayed and may turn out, when it at last begins to work, to be too strong. The second is that the freeze is only a preliminary to an incomes policy whose form has yet to be designed. The success of the CBI initiative over here, which has impressed the U.S. Administration, has yet to be tested. It is unlikely, in particular, that the U.K. Government would have chosen to stimulate the economy so much at a time of rapid inflation if the balance of payments had not been unusually favourable.

But the U.S. balance of payments has been weak for years and recently even the visible trade account has gone into deficit: action of some kind would soon have had to be taken in any case. It has been precipitated by the report of a Congressional committee which recommended devaluation of the dollar and so denominated that U.S. economists of standing had begun to think along these lines. For the past couple of weeks there have been huge flows of dollars across the exchanges, other Governments have been forced to erect exchange controls against the tide, the free market price of gold has moved steadily higher, and the feeling has become more widespread that something would have to be done soon.

The practical dilemma was that a revaluation of several leading currencies against the dollar can only be co-ordinated with difficulty, especially in view of the attitude of Japan, while a devaluation of the dollar against the rest of the world seemed to be ruled out by the approach of the next Presidential election. There was a clear risk that the Administration would seek to solve its balance of payments problem by bringing in measures of protection which would provoke reprisals and so inhibit the future growth of world trade.

Protectionism

That risk has been avoided, at least for the time being, by the President's decision. The import surcharge of 10 per cent. is regrettable in theory but in practice a good deal better than direct controls and there was a hint in the broadcast that it is primarily intended as a negotiating weapon, to be dropped as soon as it is no longer needed.

The immediate task is to reconcile the different interests of their Governments and agree on the method by which the dollar is to be effectively devalued. There is likely to be a trial period during which more currencies float: after that, new arrangements will have to be devised. President Nixon seems to envisage a reworking of the link between the dollar and gold, perhaps at a different price, but this may not be possible. Alternatives are the pegging of rates to some other strong currency or the formation of a European currency bloc. It is clear, first, that the position of sterling (which has an embarrassingly strong balance of payments to back it for the moment) will be uneasy between the U.S. and the EEC and second, that permanent return of the monetary system in the direction of greater flexibility is now inevitable.

But there are more than purely monetary issues involved. It is true that the Nixon measures, in their international aspect, seem to bring to an end the Bretton Woods system instituted more than 25 years ago and in that extent mark the end of an era. Yet facile phrases, like "the toppling of the dollar," should not be allowed to obscure the fact that the basic power relationship between the U.S. and her allies has not changed merely because of an alteration of exchange parities.

Essentials unchanged

The European countries and Japan all depend to a greater or lesser degree on their trade with the U.S.; the import surcharge is a tough (and perhaps salutary) reminder that power does not lie on one side alone. Similarly, both we and the Japanese continue to rely on American conventional and nuclear military power and the extent of this reliance is in no way lessened by what has just occurred. Of course, America's own security is bound up with Europe's, just as her own economic well-being is closely related to her investment and trade with Europe.

In a relationship of "interdependence," nevertheless, the balance of power is still tilted towards the American side. This fact has been obscured during the past few years, partly by the Vietnam war, partly by American inflation and investment abroad. Indeed, all three factors have been symptoms of an American tendency to overestimate the preponderance of their power, or at least to misunderstand its nature. Now, however, that the Administration has set out an international economic policy which is the essence of hard self-interest, it is important that America's partners should respond in an equally realistic spirit.

IMPACT ON BRITAIN'S TRADE ...



Mitigating factors in the blow to exporters

BY COLIN JONES

PRESIDENT NIXON'S 10 per cent. tax on U.S. imports is a disagreeable blow for British exporters. Despite the upsurge in U.K. sales to Western Europe over the past decade, the U.S. is still Britain's largest overseas market, accounting last year for almost 12 per cent. of total exports. The new surcharge is substantial—though smaller than the tariff surcharge Britain itself imposed in 1964 it is almost equivalent to a doubling of the present average U.S. tariff.

It is being levied on the landed value of all dutiable imports which are not already subject to quantitative restrictions—which in practice means pretty well nearly every class of goods shipped by Britain to the U.S. And, although the President said yesterday that the 10 per cent. tax would be temporary—a promise which other countries will be concerned to see fulfilled as early as possible—the surcharge is unlikely to be removed before the dollar has been effectively devalued by one means or another in relation to most other leading currencies.

Increased protection

The eventual outcome could conceivably be not so bad for Britain, however. President Nixon's package of external measures to protect the U.S. balance of payments is only the first in what must now be a whole chain of events in the international monetary scene. The final result could well be a situation in which the world's strongest currencies have retained against the dollar by a greater margin than any change that may take place in the official pound-dollar parity. The U.S. surcharge applies equally to all U.S. imports, the main exceptions being goods which are not produced at all in the U.S. (mostly items imported from the less-developed nations). Thus U.S. producers have been given a considerably increased margin of protection against foreign competition from whatever source. A series of revaluations against the dollar in which sterling appreciated either not at all or only by a modest margin would give British exporters an edge over other countries in the U.S. market. In this situation the U.K. would also benefit in all other world markets, too.

These gains would have to be

set against the losses from any improvement of the pound's value against the dollar. This would lower the price of U.S. imports into this country and could also adversely affect earnings

against the losses from any improvement of the pound's value against the dollar. This would lower the price of U.S. imports into this country and could also adversely affect earnings

against the losses from any improvement of the pound's value against the dollar. This would lower the price of U.S. imports into this country and could also adversely affect earnings

against the losses from any improvement of the pound's value against the dollar. This would lower the price of U.S. imports into this country and could also adversely affect earnings

against the losses from any improvement of the pound's value against the dollar. This would lower the price of U.S. imports into this country and could also adversely affect earnings

against the losses from any improvement of the pound's value against the dollar. This would lower the price of U.S. imports into this country and could also adversely affect earnings

against the losses from any improvement of the pound's value against the dollar. This would lower the price of U.S. imports into this country and could also adversely affect earnings

against the losses from any improvement of the pound's value against the dollar. This would lower the price of U.S. imports into this country and could also adversely affect earnings

against the losses from any improvement of the pound's value against the dollar. This would lower the price of U.S. imports into this country and could also adversely affect earnings

against the losses from any improvement of the pound's value against the dollar. This would lower the price of U.S. imports into this country and could also adversely affect earnings

against the losses from any improvement of the pound's value against the dollar. This would lower the price of U.S. imports into this country and could also adversely affect earnings

against the losses from any improvement of the pound's value against the dollar. This would lower the price of U.S. imports into this country and could also adversely affect earnings

against the losses from any improvement of the pound's value against the dollar. This would lower the price of U.S. imports into this country and could also adversely affect earnings

against the losses from any improvement of the pound's value against the dollar. This would lower the price of U.S. imports into this country and could also adversely affect earnings

against the losses from any improvement of the pound's value against the dollar. This would lower the price of U.S. imports into this country and could also adversely affect earnings

against the losses from any improvement of the pound's value against the dollar. This would lower the price of U.S. imports into this country and could also adversely affect earnings

against the losses from any improvement of the pound's value against the dollar. This would lower the price of U.S. imports into this country and could also adversely affect earnings

against the losses from any improvement of the pound's value against the dollar. This would lower the price of U.S. imports into this country and could also adversely affect earnings

against the losses from any improvement of the pound's value against the dollar. This would lower the price of U.S. imports into this country and could also adversely affect earnings

against the losses from any improvement of the pound's value against the dollar. This would lower the price of U.S. imports into this country and could also adversely affect earnings

against the losses from any improvement of the pound's value against the dollar. This would lower the price of U.S. imports into this country and could also adversely affect earnings

against the losses from any improvement of the pound's value against the dollar. This would lower the price of U.S. imports into this country and could also adversely affect earnings

against the losses from any improvement of the pound's value against the dollar. This would lower the price of U.S. imports into this country and could also adversely affect earnings

against the losses from any improvement of the pound's value against the dollar. This would lower the price of U.S. imports into this country and could also adversely affect earnings

against the losses from any improvement of the pound's value against the dollar. This would lower the price of U.S. imports into this country and could also adversely affect earnings

against the losses from any improvement of the pound's value against the dollar. This would lower the price of U.S. imports into this country and could also adversely affect earnings

against the losses from any improvement of the pound's value against the dollar. This would lower the price of U.S. imports into this country and could also adversely affect earnings

against the losses from any improvement of the pound's value against the dollar. This would lower the price of U.S. imports into this country and could also adversely affect earnings

against the losses from any improvement of the pound's value against the dollar. This would lower the price of U.S. imports into this country and could also adversely affect earnings

against the losses from any improvement of the pound's value against the dollar. This would lower the price of U.S. imports into this country and could also adversely affect earnings

against the losses from any improvement of the pound's value against the dollar. This would lower the price of U.S. imports into this country and could also adversely affect earnings

against the losses from any improvement of the pound's value against the dollar. This would lower the price of U.S. imports into this country and could also adversely affect earnings

against the losses from any improvement of the pound's value against the dollar. This would lower the price of U.S. imports into this country and could also adversely affect earnings

against the losses from any improvement of the pound's value against the dollar. This would lower the price of U.S. imports into this country and could also adversely affect earnings

against the losses from any improvement of the pound's value against the dollar. This would lower the price of U.S. imports into this country and could also adversely affect earnings

against the losses from any improvement of the pound's value against the dollar. This would lower the price of U.S. imports into this country and could also adversely affect earnings

against the losses from any improvement of the pound's value against the dollar. This would lower the price of U.S. imports into this country and could also adversely affect earnings

against the losses from any improvement of the pound's value against the dollar. This would lower the price of U.S. imports into this country and could also adversely affect earnings

against the losses from any improvement of the pound's value against the dollar. This would lower the price of U.S. imports into this country and could also adversely affect earnings

against the losses from any improvement of the pound's value against the dollar. This would lower the price of U.S. imports into this country and could also adversely affect earnings

against the losses from any improvement of the pound's value against the dollar. This would lower the price of U.S. imports into this country and could also adversely affect earnings

against the losses from any improvement of the pound's value against the dollar. This would lower the price of U.S. imports into this country and could also adversely affect earnings

against the losses from any improvement of the pound's value against the dollar. This would lower the price of U.S. imports into this country and could also adversely affect earnings

against the losses from any improvement of the pound's value against the dollar. This would lower the price of U.S. imports into this country and could also adversely affect earnings

against the losses from any improvement of the pound's value against the dollar. This would lower the price of U.S. imports into this country and could also adversely affect earnings

against the losses from any improvement of the pound's value against the dollar. This would lower the price of U.S. imports into this country and could also adversely affect earnings

against the losses from any improvement of the pound's value against the dollar. This would lower the price of U.S. imports into this country and could also adversely affect earnings

against the losses from any improvement of the pound's value against the dollar. This would lower the price of U.S. imports into this country and could also adversely affect earnings

against the losses from any improvement of the pound's value against the dollar. This would lower the price of U.S. imports into this country and could also adversely affect earnings

against the losses from any improvement of the pound's value against the dollar. This would lower the price of U.S. imports into this country and could also adversely affect earnings

against the losses from any improvement of the pound's value against the dollar. This would lower the price of U.S. imports into this country and could also adversely affect earnings

against the losses from any improvement of the pound's value against the dollar. This would lower the price of U.S. imports into this country and could also adversely affect earnings

against the losses from any improvement of the pound's value against the dollar. This would lower the price of U.S. imports into this country and could also adversely affect earnings

against the losses from any improvement of the pound's value against the dollar. This would lower the price of U.S. imports into this country and could also adversely affect earnings

against the losses from any improvement of the pound's value against the dollar. This would lower the price of U.S. imports into this country and could also adversely affect earnings

against the losses from any improvement of the pound's value against the dollar. This would lower the price of U.S. imports into this country and could also adversely affect earnings

BRITAIN'S TRADE WITH THE U.S.

U.K. EXPORTS (1970)		U.K. IMPORTS (1970)	
	£m.		£m.
1—FOOD, BEVERAGES, TOBACCO ...	131	1—FOOD, BEVERAGES, TOBACCO ...	179
— Whisky and other spirits	104	— Cereals	69
		— Fruit and vegetables	19
		— Tobacco	57
2—MATERIALS AND FUELS	21	2—MATERIALS AND FUELS	102
		— Pulp	24
		— Ores	20
		— Oil seeds	11
		— Oil	9
3—MANUFACTURED GOODS	748	3—MANUFACTURED GOODS	866
— Chemicals	44	— Chemicals	110
— Diamonds	71	— Iron and steel	51
— Iron and steel	50	— Non-ferrous metals	36
— Non-ferrous metals	31	— Paper	24
— Textile yarns & fabrics	29	— Textile yarns & fabrics	19
— Machinery	174	— Machinery	372
— Cars and vehicle parts	88	— Vehicles	11
— Aircraft and engines	49	— Aircraft and engines	86
— Motor-cycles and cycles	17	— Instruments	46
— Instruments	23		
— Clothing	16		
4—OTHER	32	4—OTHER	23
TOTAL EXPORTS	932	TOTAL IMPORTS	1,170

ings of dollars from tourists and other invisible transactions. At present, with foreign exchange markets closed yesterday, it is hard to assess even the immediate effect of the suspension of dollar convertibility upon market values for the dollar. But the eventual overall balance could quite conceivably be favourable, from the point of view both of British exporters and the balance of payments.

This is jumping rather far ahead, however. At this stage, the only certainty is that the landed price of British exports to the U.S. has suddenly been raised by 10 per cent.; in terms of the final price, the increase will probably be somewhat less than 10 per cent. This has happened at a time when, thanks in part to the recovery of the U.S. economy, export shipments to that market have been showing renewed buoyancy. Last year exports to the U.S. rose

other alcoholic drinks (£104m.), cars (£88m., including parts, diamonds (£71m.), iron and steel (£50m.), aircraft and aircraft engines (£49m.), textiles and clothing (£45m.), chemicals (£44m.), non-ferrous metals (£31m.) and instruments (£23m.). All told, some four-fifths of all U.K. shipments to the U.S. market are manufactured goods.

The effect of Nixon's 10 per cent. tax—and of any subsequent depreciation of up to this amount in the value of the dollar in terms of sterling—may possibly be not all that serious for some export lines. American drinkers of Scotch, for example, are unlikely to be driven to drinking Bourbon instead.

U.S. purchases of imported industrial machinery and equipment are also unlikely to prove to be very sensitive to price increases of about this magnitude, either. The leading U.K.

machinery exports last year were engines (£33m., excluding aircraft engines), office machinery (£19m.) and textile machinery (£13m.). If, as a result of the revival in the U.S.

The effect on aircraft and large stocks to the U.S. is perhaps more problematic. The tor- tuous re-negotiation of the RB-211 contract is immediately affected. So, eventually, are the sales prospects of the Anglo- French Concorde.

On cars, the outcome may also not be drastic—at least for the British car makers. True, one of Nixon's major targets was the foreign car which has been bought in increasing numbers by Americans. In July imports, primarily of Volkswagens, Toyotas and Datsuns, took 18 per cent. of the market—a new record. If they continued to sell at this rate for a full year, 1.6m. foreign cars worth almost \$4,000m. would be registered, an increase of 30 per cent. on 1970. Japanese importers have done very well with Toyota showing gains of 50 per cent. and Datsun of over 100 per cent. on 1970.

The 10 per cent. import surcharge will raise the price of a Volkswagen or Toyota Corona by about \$200, enough to make this year, bringing business buyers of the price-conscious American car think about an American car instead. The removal of the excise duty of 7 per cent. will reduce the price of U.S.-made small cars such as the Chevrolet Vega and Ford Pinto by about \$150.

The U.S. is still easily the best export market for British cars, taking twice as many as Australia or South Africa. Including the Ford parts, British car exports should be worth £150m., this year—50 per cent. more than in 1970. Motor cycles, tractors and bicycles are worth another £25m. The U.S. market takes 9 per cent. of Leyland's car production, 16 per cent. of Chrysler U.K.'s and 40 per cent. of Ford's engine production. But this seems to be less at risk than the German or Japanese export business, which will be directly affected.

The effect on other consumer goods may possibly be more adverse. Britain sells a wide range of these in the U.S. market—sewing machines and other household appliances, records, toys and games, sports equipment, paintings, sculpture and antiques, glassware, porcelain, and clothing to list only a few items at random. Here an increase of up to 10 per cent. in the final price in relation to competitive U.S. lines could be a deterrent—although, here again there could be exceptions (in sales of British discs and antiques for example). Certainly, few British exporters are in a position to absorb much of the new import surcharge by cutting their profit margins.

Chrysler, whose Avenger, sold the Plymouth Cricket, on accounts for most of the British saloon car sales, has shipped

the Cricket dines sell in close competition with the Ford Pinto and Chevrolet Vega and its sales prospects are bound to be affected by the surcharge. Chrysler had been planning to step up shipments, which already account for 16 per cent. of the built-up production of its U.K. plant. This may now be reconsidered.

May be a deterrent

Ford no longer supplies any British cars to the U.S., though it does use British engines in both the U.S.-built Ford Pinto and the German-built Capri. A Volkswagen or Toyota Corona sales should reach 300,000 by about \$200, enough to make this year, bringing business buyers of the price-conscious American car think about an American car instead. The removal of the excise duty of 7 per cent. will reduce the price of U.S.-made small cars such as the Chevrolet Vega and Ford Pinto by about \$150.

Leyland's exports

But it is hard to judge just how much the price changes will affect car imports. Volkswagen is well entrenched in the market, with considerable customer loyalty, and its sales have been twice as high as the Vega's or Pinto's this year. There are signs that some Americans have been buying foreign cars because they are foreign.

However, British exporters may be affected less than the others. Only 120,000 British cars, at most, will be sold in the U.S. this year. British Leyland, which will account for two thirds of the total, relies largely on its sports cars. So far 21,000 of the 41,000 cars it had sold by July were MGs, and fully 91 per cent. of its U.S. exports are of sports or luxury models. Its only saloon car export, the Austin America, is selling poorly and is soon to be replaced by the Morris Marina.

Chrysler, whose Avenger, sold the Plymouth Cricket, on accounts for most of the British saloon car sales, has shipped

the Cricket dines sell in close competition with the Ford Pinto and Chevrolet Vega and its sales prospects are bound to be affected by the surcharge. Chrysler had been planning to step up shipments, which already account for 16 per cent. of the built-up production of its U.K. plant. This may now be reconsidered.

May be a deterrent

Ford no longer supplies any British cars to the U.S., though it does use British engines in both the U.S.-built Ford Pinto and the German-built Capri. A Volkswagen or Toyota Corona sales should reach 300,000 by about \$200, enough to make this year, bringing business buyers of the price-conscious American car think about an American car instead. The removal of the excise duty of 7 per cent. will reduce the price of U.S.-made small cars such as the Chevrolet Vega and Ford Pinto by about \$150.

The U.S. is still easily the best export market for British cars, taking twice as many as Australia or South Africa. Including the Ford parts, British car exports should be worth £150m., this year—50 per cent. more than in 1970. Motor cycles, tractors and bicycles are worth another £25m. The U.S. market takes 9 per cent. of Leyland's car production, 16 per cent. of Chrysler U.K.'s and 40 per cent. of Ford's engine production. But this seems to be less at risk than the German or Japanese export business, which will be directly affected.

The effect on other consumer goods may possibly be more adverse. Britain sells a wide range of these in the U.S. market—sewing machines and other household appliances, records, toys and games, sports equipment, paintings, sculpture and antiques, glassware, porcelain, and clothing to list only a few items at random. Here an increase of up to 10 per cent. in the final price in relation to competitive U.S. lines could be a deterrent—although, here again there could be exceptions (in sales of British discs and antiques for example). Certainly, few British exporters are in a position to absorb much of the new import surcharge by cutting their profit margins.

Chrysler, whose Avenger, sold the Plymouth Cricket, on accounts for most of the British saloon car sales, has shipped

the Cricket dines sell in close competition with the Ford Pinto and Chevrolet Vega and its sales prospects are bound to be affected by the surcharge. Chrysler had been planning to step up shipments, which already account for 16 per cent. of the built-up production of its U.K. plant. This may now be reconsidered.

May be a deterrent

Ford no longer supplies any British cars to the U.S., though it does use British engines in both the U.S.-built Ford Pinto and the German-built Capri. A Volkswagen or Toyota Corona sales should reach 300,000 by about \$200, enough to make this year, bringing business buyers of the price-conscious American car think about an American car instead. The removal of the excise duty of 7 per cent. will reduce the price of U.S.-made small cars such as the Chevrolet Vega and Ford Pinto by about \$150.

The U.S. is still easily the best export market for British cars, taking twice as many as Australia or South Africa. Including the Ford parts, British car exports should be worth £150m., this year—50 per cent. more than in 1970. Motor cycles, tractors and bicycles are worth another £25m. The U.S. market takes 9 per cent. of Leyland's car production, 16 per cent. of Chrysler U.K.'s and 40 per cent. of Ford's engine production. But this seems to be less at risk than the German or Japanese export business, which will be directly affected.

The effect on other consumer goods may possibly be more adverse. Britain sells a wide range of these in the U.S. market—sewing machines and other household appliances, records, toys and games, sports equipment, paintings, sculpture and antiques, glassware, porcelain, and clothing to list only a few items at random. Here an increase of up to 10 per cent. in the final price in relation to competitive U.S. lines could be a deterrent—although, here again there could be exceptions (in sales of British discs and antiques for example). Certainly, few British exporters are in a position to absorb much of the new import surcharge by cutting their profit margins.

Chrysler, whose Avenger, sold the Plymouth Cricket, on accounts for most of the British saloon car sales, has shipped

the Cricket dines sell in close competition with the Ford Pinto and Chevrolet Vega and its sales prospects are bound to be affected by the surcharge. Chrysler had been planning to step up shipments, which already account for 16 per cent. of the built-up production of its U.K. plant. This may now be reconsidered.

May be a deterrent

MEN AND MATTERS

The money men at the meeting

Mr. Paul Volcker, the American with the unenviable task yesterday of explaining Mr. Nixon's economic measures to the monetary pundits of Europe, has spent the last 19 years doing a sort of shuffle between Washington and New York. After a year at the London School of Economics, following Princeton, he went to the U.S. Treasury, then to the New York Federal Reserve Bank, then joined the Chase Manhattan Bank. In 1957 he went back to the Treasury department, then back to the Chase Manhattan in 1965 as Vice-President for forward planning. Then it was back to the Treasury as Under-Secretary for Monetary Affairs, when Nixon came to power in 1969. So yesterday's meeting in London was essentially a meeting of people long familiar with each other, for the half a dozen Europeans and two British officials who met him at the American Embassy were very much his counterparts, over whom his main advantage was his height—he is over 6 feet tall.

Dr. Otmar Emminger, vice-president of the Bundesbank, Dr. Rinaldo Ossola, vice-director general of the Bank of Italy, and M. Bernard Clappier, first vice-governor of the Banque de France, are all old hands at the international monetary game. Clappier was a close associate of M. Robert Schuman, one of the founding fathers of the Common Market. He was closely involved in Marshall Aid, and joined the Banque in 1963.

Emminger, who was at St. Andrews University, speaks perfect English, and has a thorough knowledge of

... AND ON THE U.S. ECONOMY

the \$ A revolutionary change of mind

From JOHN GRAHAM, Washington, Monday

THE MOST extraordinary thing about President Nixon's bombshell on Sunday night, and in some ways the most disquieting, is the speed with which it happened. Less than two months ago, after a comprehensive review of the economy, the President and his advisers decided that there was no need to change course, that existing policies would work in time. Thirty-six hours ago Mr. Nixon announced "the most comprehensive new economic policy to be undertaken in this nation in four decades."

Consumer prices

This revolutionary change of mind had two causes, neither of which was more than dimly perceived until recently. In the first place the economy not only didn't get any better, but in some important aspects it got worse. The consumer price index rose in May and June at an annual rate of more than 6 per cent., compared to the 3 per cent. rise of the first four months. The latest unemployment figure (July's) was 5.8 per cent., which meant that five and a half million people were out of work.

The Commerce Department's composite index of leading economic indicators dropped by 0.5 per cent. after seven months' rise. Corporate spending plans were scaled down, and

the same reluctance to spend, the same residual lack of confidence in the future, was keeping ordinary people away from the market place. The savings rate actually averaged 8.4 per cent. in the second quarter—a historically astonishing level—and there has not been much change since.

So long as the effects of all this were confined within America's frontiers, the Administration might have been able to hold out. It had, after all, kept its nerve fairly well through more than two dispiriting years. But the dollar crisis that had burst down in the early summer burst into flame again, and seemed likely to continue.

The trade balance went sharply into deficit—\$800m. in the second quarter alone—and the U.S. suffered an outbreak of strikes or near-strikes in major industries, all accompanied by wage settlements in two figures.

To Dr. Burns of the Federal Reserve, these were ominous warning signs, and he intensified his campaign to get the White House to do something direct about inflation. From the Treasury came pressure along similar lines, especially when the gold rush restarted. Belgium and the Netherlands insisted on converting large quantities of dollars into gold, and the U.S. was forced to go near the limit of its gold tranche at the IMF. The Treasury's gold stock fell to

just above \$10,000m., which had always been considered the sticking-place. John Connally began to suggest to the President that the "steady as she goes" attitude might be inadequate.

The result is this week-end's list of new policies, a list so long that it makes President Johnson's January 1, 1968, programme look puny. Mr. Nixon has firstly attacked what is perceived as one of the most stubborn obstacles to a full recovery—the lack of confidence. The Job Development Act of 1971, to be considered by the Congress after the August recess, proposes a 10 per cent. investment credit effective from last Sunday, with a "Buy American" clause. It will not be granted on foreign-made machinery.

The intention is to stimulate the machine tools industry, improve U.S. productivity by modernising plant, and create new jobs.

Wage freeze

The repeal of the 7 per cent. excise tax on cars is aimed at increasing corporate and individual confidence. The car industry is delighted, and will how the wage-price-dividend freeze will work. It relies on "voluntary co-operation," though sanctions are attached and the Attorney-General has power to prosecute. It will not have a huge price-control bureaucracy, but the President

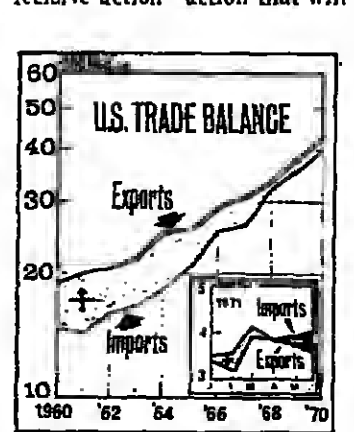
companies pass on the reduction to the consumer. Such is the dominance of the motor-car in America to-day that he could claim that "every additional 100,000 cars sold means 23,000 new jobs."

Finally, aimed solely at the individual, is the proposal to increase the personal income-tax exemption next January rather than in January, 1973. The effects of this are partly diluted by other decisions: by a six-month postponement of a Federal salary increase scheduled for next January, and by a 5 per cent. cut in Federal employment, even though the President hopes to achieve this by attrition. The general lines of this and the preceding policies, however, are clear: "This increase in consumer spending power will provide a strong boost to the economy in general, and to employment in particular."

Obviously, in the present international climate, such domestic stimulation has to be matched by a renewed attack on inflation, and it is here that doubts creep in. No one knows how the wage-price-dividend freeze will work. It relies on "voluntary co-operation," though sanctions are attached and the Attorney-General has power to prosecute. It will not have a huge price-control bureaucracy, but the President

has set up a cost-of-living council.

The trouble is one of lingering doubt about the effectiveness of this and other plans. Mr. Nixon said on Sunday night that "the time has come for decisive action—action that will



break the vicious circle of spiralling prices and costs." But this has been heard before. The "inflation alert" and "productivity council" were set up a year ago, and it is hard to see what, if anything, they have done.

The President promised months ago to do something about high wage settlements, and the Administration was heavily involved in the steel negotiations, but in the end the steelworkers got exactly what

everyone always expected them to get. A large wage settlement was followed immediately by a large price rise, and the White House did nothing.

Even those who have been most strongly advocating some action on wages and prices—notably Dr. Burns—have their doubts about the technical feasibility. Dr. McCracken of the Council of Economic Advisers has argued time and again that in an economy as large as America's, controls simply cannot be administered, and that even in countries like the U.K. and Canada they have not worked well.

Nevertheless, there is clearly a political advantage in moving towards some form of controls, and the stated intention may even be enough to induce

Presumably with an eye still on the international financial markets, the President has also cut budget expenditures by an amount similar to the tax reductions, about \$6,000m. in all. The effective dates for revenue-sharing and welfare reform have been postponed, but since these two Administration proposals were in much trouble with Congress anyway, it is not easy to tell what their postponement will actually do to the budget figures.

The deficit for the present year was initially predicted at \$12,000m., but the White House has already conceded that it

will be nearly \$20,000m., and as bad as it is, for instance, in independent judgment places it as high as \$25,000m.

This, following last year's deficit of \$23,000m., puts some strain on the capital markets and raises very difficult questions about budgetary priorities.

The question, of course, is: Will it all work? As with the British measures of July, 1966, and LBJ's of January, 1968, the answer is it might, but again it might not, and the recent history of crash programmes is not encouraging. The import surcharge, the "Buy American" threat that has run through the Administration's thinking for months, the monetary moves, are all designed to restore America's competitive edge, to end what President Nixon called "unfair treatment" deriving from "unfair exchange rates."

Along with his specific proposals, President Nixon delivered a challenge to the U.S. people. "Every action I have taken to-night is designed to nurture and stimulate that competitive spirit, to help us snap out of the self-doubt, the self-paralysis that saps our energy and erodes our confidence in ourselves." Much as it sounded like a British Prime Minister addressing the British people, I am sure it accurately touched the state of America to-day.

A challenge

Therefore, internal remedies are needed, and with professional economists not only unable to explain the current situation satisfactorily but also unable to predict its cure, no one can say with confidence that Sunday night's internal measures will do the trick.

Along with his specific proposals, President Nixon delivered a challenge to the U.S. people. "Every action I have taken to-night is designed to nurture and stimulate that competitive spirit, to help us snap out of the self-doubt, the self-paralysis that saps our energy and erodes our confidence in ourselves." Much as it sounded like a British Prime Minister addressing the British people, I am sure it accurately touched the state of America to-day.

Recovery

Whether Mr. Nixon can produce a full recovery at home is another matter, to which no quantifiable answer can be given simply because no one fully understands the present malaise.

The price inflation has been awkwardly persistent, certainly, but at 5.6 per cent. overall it is far less than in many industrialised countries. The unemployment situation is indeed worse than at any time in the last ten years, but not nearly

THE PRICE OF GOLD

BY LESLIE PARKER

Why a production surge is ruled out

PRESUMING that gold can now be regarded even more from a commodity viewpoint than it was before the week-end's events, the major question that arises after President Nixon's statement is whether demand for bullion, both monetary and industrial, will be stimulated by the U.S. edicts. If it is, where can the extra supplies of the yellow metal come from and what price would be needed in bringing supply and demand into balance?

One thing stands out clearly. No big early expansion in the supply of newly-mined metal will be possible even if the price surged forward sharply. Not even Russia could step up production quickly. In other areas of the world there are various factors militating against any speedy expansion of output. And overall it is an inescapable fact that it takes four to five years to bring a new mine into production even if such mines can be found.

It is generally taken for granted that the scope for further new producers in South Africa, by far the world's biggest source of the metal, is becoming distinctly limited. In that country, as in Canada and Australia, the older marginal mines have been propped up by Government subsidy schemes. In so far as they would otherwise have closed, such schemes only help to sustain current production levels.

There is, of course, the undoubted fact that huge

amounts of ore, eroded from the realms of payability by the cost inflation that all the world's gold mines have been suffering from, would become economic to mine at higher gold price levels. This would extend the life prospects of the mines but the extraction of these lower grades of ore would in the first place tend to reduce actual gold output.

For a boost to production, greater ore tonnages would have to be mined. This would in turn mean the sinking of new shafts and the extension of treatment plants, again a long-term task. To undertake these tasks, the industry would obviously have to be pretty sure that gold's higher value would be a permanent feature of the world economic scene and the price increase would naturally have to be quite substantial.

Downward path

Otherwise the world gold production prospect, based on present mining economics, is one of decline during the present decade. South African output is expected to reach a peak in 1975 and possibly sustain this level until around 1980. But production in Canada, the U.S. and Australia may be regarded as already being well on the downward path.

Russia, as ever, remains an enigma although there is some evidence that it could expand production, albeit slowly, in the years ahead. The great un-

known is how much of this gold would reach the western world. This again would obviously depend at least to some extent on price.

The other major element in the situation is how much gold could flow forth from the world's private hoards of the metal. A sudden rise in price might well dislodge a substantial segment of the stocks that have been built up over the years against this very contingency. On the other hand, a gradual forward movement could stimulate fresh speculative demand to offset the selling by those tempted by profits on an investment which bears no rate of interest and can indeed often cost money in the shape of charges for its safe-keeping.

Looked at as a commodity, there are thus a plethora of uncertainties in peering forward, probably more than there are in other metals. The demand bulwark relies for its foundation, as with other metals, on the industrial uses of gold. Here, it is argued, lies its strength especially when placed against the background of gold's role as the largest component of the world's international monetary reserves.

Hand in hand with this role, which, ironically, may now become even more important is the growth in private demand. Expert studies have found it undeniably difficult to sort out this latter offtake of gold into its various categories and in particular to pinpoint the difference between genuine de-

mand for industrial uses and that for hoarding pure and simple, an obviously vital distinction. For instance, it is estimated that last year over 70 per cent. of fabrication use was in the jewellery trade, an offtake that could cover a multitude of hoarding sins.

These studies, exhaustive in their detail, reached unanimous conclusions that the price of gold as a commodity would in any case trend upwards during the present decade because the non-monetary offtake would exceed the newly-mined supply. How fast or how large the price increase would be must necessarily depend on how the speculative and hoarding segment of the market behaves. This is naturally regarded as unpredictable. But then so are some of the factors that have to be taken into account when looking forward in, say, nickel about which bullish conclusions are reached by some of the mining world's most highly sophisticated research organisations despite many uncertainties including that vital element, the course of the American economy, which in effect brings us back to square one.

Slow growth

To sum up, then, the outlook for the value of gold as an industrial commodity already had a decided element of slow growth in it even before this week-end's events, which could reinforce this growth from the

monetary side in that they could add a fresh twist to the screw which, despite many frantic efforts to stop it, has been increasing the yellow metal's value in terms of paper currencies (other than the dollar) over the ages.

Where does all this leave the holder of gold shares? It was noticeable yesterday that no raging boom developed. This was understandable. The closure of the foreign exchange markets and that for bullion added to the uncertainties. The propaganda from brokers and other analysts, both here and overseas, which was so rife a few weeks ago had already ensured that many investors had taken up their positions in this market. They found no reason to sell. New buyers, on the other hand, were mostly content to wait events.

Those who are looking for a boost to the earning power and life prospects for the world's gold-mining industries must ignore one historical lesson. It no longer pays to rush into the shares of the marginal producers. Governments will reap the major benefits of their increased prosperity in that it will cost less to prop them up by means of subsidies.

It will pay, in other words, to stick to the good-life medium grade mines which should be in a position to reap all the advantages which may be coming along and which at the same time have the least downside

risk if the advantages eventually accruing from the present confused situation prove to be of a lesser rather than a larger degree.

In the South African segment this points to the middle of the roaders such as Winkelhaak, Lake, Hartebeestfontein, Dnornfon-

ten, Kloof (when that unfortunate underground fire is put out), President Steyn, St. Helena, Western Areas and, as a long-term giant to be, Vaal Reef.

In Canada, Campbell Red Lake sticks out as the only major producer which manages

to stand on its own feet without the aid of the government subsidy there which has as one of its conditions that a gold mine is either free to sell on the open market without state aid or to the Canadian mint at the monetary price for gold as a major producer which manages

JESSEL GOLD & GENERAL UNIT TRUST.

The only unit trust specifically designed to invest in gold shares and mining finance houses.



JESSEL BRITANNIA

Jessel Britannia Group Ltd,
155 Fenchurch Street, London EC3M 6BX
Telephone: 01-623 7585

EXCHANGE RATES

BY SAMUEL BRITTON

The critical question for sterling

THE KEY point for the business community will be the new rates of exchange between sterling and other currencies. The U.S. have, for practical purposes, "gone off gold." Whether the U.S. fixes another official gold price, or returns to \$35 an ounce, or whether other countries decide to link their currencies to gold, are primarily matters for governments and central banks, and secondarily for the private gold market. For the ordinary trader, whether exporter or importer, the official gold price is of no importance.

Possibilities

The critical point, which cannot be sufficiently emphasised, will be the weighted average change of sterling in terms of other currencies. If this turns out to mean that sterling has depreciated, exporters will receive a boost and imports will be restrained. If there has been an appreciation, the reverse will have happened and there will also be some slight deflationary impact on economic activity.

Three possible outcomes can be envisaged. The leading trading countries might decide to

continue to peg their currencies against the dollar at the rates prevailing last Friday. This is mentioned as a theoretical possibility; but, even if attempted, it could not be more than a very provisional state of affairs. The second possibility, which a great many officials and central bankers yearn for, would be a re-alignment of exchange rates, out of which an effective dollar devaluation would emerge.

The third possibility would be that a number of other countries would follow the example of Germany, the Netherlands and Canada and allow their currencies to float against the dollar for a "temporary" period. Such floating could either be a purely national affair, or the EEC might attempt to float as a bloc. Prof. Schiller originally proposed at the time of the D-Mark crisis earlier this year.

Obviously, several combinations can be envisaged. It can be assumed that if enough countries go for genuinely floating rates, there will be an effective dollar devaluation; and once this has happened, there will be great pressure from America's trading partners for

a removal of the surcharge. But as this will then have been replaced by an equivalent currency obstacle, exporters to the U.S. would be well advised to regard some deterioration in the competitive situation as a permanent feature.

Alternatives

The courses open to the U.K. Government derive directly from the international monetary alternatives listed above. One obvious course would be for sterling to stay pegged at the \$2.40 rate. The attraction of this is that if there is a re-alignment, or a widespread adoption of floating rates, there will be a net depreciation of sterling.

Although the present British balance of payments is extremely strong, it is regarded by most international economic observers as an artificial and temporary phenomenon. It is mainly due (a) to the depressed state of the home economy which has held imports down and (b) to the very rapid rise in British export prices—about twice as fast as our main competitors' over the past 12 months—which has given a long-term position.

temporary boost to British overseas receipts, but is a major threat to British competitive power in the slightly longer run.

For these reasons the staffs of major international economic organisations do not take any very optimistic view of sterling's long-term prospects and would not regard the current surplus as an argument against some net depreciation—which would be particularly valuable in advance of Common Market entry.

On the other hand, there are some arguments against securing this simply by staying pegged to the dollar. In the first place, it may look "un-European" to some in Whitehall.

A more impressive argument is that to obtain an effective dollar devaluation the U.K. must make some gesture. This, however, could be consistent with a small appreciation of sterling relative to the dollar, but in depreciation in terms of other currencies.

The most important thing seems less un-European than reason, however, is that simply sticking with the dollar is an unimaginative solution which fails to take advantage of the situation in safeguard Britain's long-term position.

Unilateral

There are, however, powerful arguments for preserving maximum freedom of manoeuvre and for floating alone at least until the U.K. has entered the EEC.

This would give the country an automatic external regulator for dealing with balance of payment difficulties during the crucial and highly uncertain next couple of years when two unknowns—the effects of present British policies on inflation and the initial impact of EEC entry—reinforce each other.

A unilateral float would also be less un-European than simply staying pegged to the dollar; and it would leave open the possibility of taking part in the efforts of the existing Six to come to fruition.

Home and World Reactions to President Nixon's Economic Package

CBI hopes surcharge will be only a stop-gap

BY HAROLD BOLTER, INDUSTRIAL CORRESPONDENT

New threat to RB-211

By Michael Donne, Aerospace Correspondent

UNLESS THE Rolls-Royce RB-211 engine is exempted from the U.S. Government's 10 per cent. surcharge on imported goods, the future for that engine—and therefore also the Lockheed TriStar—appears bleak.

This view was being expressed in both Whitehall and the aerospace industry yesterday, where there was serious concern lest all the money and effort spent since last February in rescuing the RB-211 and the TriStar were now to be jeopardised as a result of President Nixon's measures to safeguard the dollar.

The situation was still not clear last night, and the Department of Trade and Industry was seeking urgent clarification of the situation.

'Ship set'

But behind this concern was a feeling that even if there is no automatic exemption for the RB-211, some special dispensation may be made for it—otherwise the efforts of President Nixon and Treasury Secretary Connally to win Congressional approval for loan guarantees for Lockheed will themselves be rendered fruitless.

The effect of the 10 per cent. surcharge would be to put about \$300,000 on the price of each TriStar, since the present price for a "ship set" of three engines, negotiated with Rolls-Royce (1971) earlier this summer, was set at nearly \$3m.

The price of a "ship set" has already gone up this summer by \$54,716 from the original RB-211 price negotiated in 1968, so that the additional effect of the surcharge would mean a rise of the best part of \$1m. in the TriStar this year.

Such a rise would probably be unacceptable to the airlines, some of whom—Air Canada and Delta—are still wavering in their support for the TriStar. The 10 per cent. surcharge would put some \$54,716 on to the bill for the 175 aircraft now either on order or on option.

Even suggestions that U.S. airlines could buy the engines through subsidiaries based outside the U.S. would not help the situation, because sooner or later the engines would have to be landed in the U.S. for installation in the TriStar and at that point would become eligible for the surcharge.

If any of the airlines still wavering pulled out as a result of the higher cost, the TriStar would be killed almost outright, and with it would go the RB-211.

The fact that the tax is intended to be temporary still would not help the situation, for no one would know how long it was going to last, and would not buy aeroplanes in such an uncertain situation.

So far, Rolls-Royce has delivered around 14 RB-211s to Lockheed at Burbank, California, and plans to have raised this to 34 by the end of this year.

Any dispensation in favour of the RB-211, however, would be certain to rouse the fury of Rolls-Royce's U.S. competitors, Pratt and Whitney and General Electric, who would then claim that it was destroying the very surcharge in the first place—the protection of American goods against "unfair" foreign competition.

They would argue—with some justification—that the objective of the surcharge should be to enable U.S. engines to be installed in U.S. aeroplanes.

In any event, it now seems likely that there will have to be another extension of the already once-extended deadline of August 24 for the settlement of the new arrangement between Lockheed and the airlines, banks, U.K. Government and Rolls-Royce (1971) for the continuation of the TriStar and RB-211.

Concorde salesmen

If the price of the RB-211 is uncertain in the light of the 10 per cent. surcharge situation, it is impossible for airlines to complete contract details, or for the banks to settle loan terms. With only a week to go before the deadline, an extension of at least another would seem to be almost inevitable.

The surcharge may also make much more difficult the Anglo-French Concorde salesmen's task of getting the aircraft accepted in the U.S. At a quoted delivery price of more than \$30m. for 1974, the surcharge, if it lasted long enough, could significantly upend the aircraft's sales prospects.

The Concorde salesmen can only hope that the surcharge does not last long enough to affect contracts for aircraft due for delivery three years hence.

For the rest of the aerospace industry, seeking to sell such aircraft as One-Elevens and HS-748s in the U.S. market, the surcharge must come as a severe blow, although it may not be so serious in the case of the US-125 executive jet, which is being built and marketed in the U.S. in conjunction with Beech, the U.S. light aircraft manufacturer.

The U.S. market is one of the biggest for U.K. aerospace products, having taken over £10m. worth of aircraft so far this year, and over £21.2m. worth of engines.

THE U.S. economic measures are expected to have a significant impact on Britain's exports to North America, worth £233m. last year. Nevertheless, the U.K.'s leading exporters are less concerned about the immediate, and hopefully short-term, effects than the possibility that they could lead to a more general move towards protectionism.

CBI leaders hope that the U.S. Administration will make clear by its subsequent policies that the 10 per cent. import surcharge is only a stop-gap, and not a prop to U.S. industries seeking protection from foreign competition, without any justification by internationally-agreed criteria.

Fairly optimistic

That CBI also hopes that the talks which have now been called on currency realignments will quickly reach agreed solutions to remove the uncertainty that British traders and investors will have to face in their overseas operations.

The motor industry, one of the main exporters to the U.S., is taking a fairly optimistic view of its prospects.

Mr. Kenneth Corley, president of the Society of Motor Manufacturers and Traders, admitted that the import restrictions would cause at least short-term concern and pointed out that most U.K. sales in the market were in the specialty and sports-car field.

"These cars may be less severely affected than the small cars which are so directly competitive with most U.S. products," Mr. Corley said.

In addition, he pointed out, in the longer term the importance of the strength of the U.S. economy must not be underestimated.

"Britain is greatly affected by the strength of America and we must hope that Mr. Nixon's measures will work, and work fast."

British Leyland, selling over 9,000 worth of vehicles in the U.S. does not anticipate any serious effect in the market.

"We do not expect to be hit so severely as other imports which are competing on price because we specialise on the sports and prestige cars where price is not necessarily the dominating factor."

British Leyland is also hoping to take advantage of the increase in volume sales expected to follow the cuts in excise tax. This could cancel out some of the consequences of the surcharge.

Other components

Chrysler U.K., building up direct exports of its Plymouth Cricket model (basically the same as the British Hillman Avenger) to the U.S., is similarly hopeful that an overall sales boost in the market will compensate for the effects of the surcharge.

The company is competing mainly against other European and Japanese manufacturers of sub-compact cars, who will face similar penalties.

Ford of Britain, mainly supplying engines for the U.S. com-

pany's locally-built Pinto model and other components, feels that it could benefit from a resurgence in the market over the next two years, until Ford starts to produce Pinto engines in the U.S.

The Scotch whisky industry, another major exporter to the U.S., with sales worth £37.5m. last year, does not expect the surcharge to bite very deeply into sales, particularly if it is only a short-term measure.

"Nevertheless, we deplore any move towards protectionism and if this were to become the general trend the consequences would be very damaging to one of Britain's most important exports," Mr. Grant Gordon, chairman of the Scotch Whisky Association, said.

The British Pottery Manufacturers' Federation, on the other hand, does expect the surcharge to have a serious impact on the industry's sales to the U.S.

Mr. Arthur Bryan, chairman of the Wedgwood Pottery group, said that the surcharge was bound to intensify the group's difficulties in an already tough trading area.

Wedgwood sends 40 per cent. of its exports, which account for 65 per cent. of total production, to the U.S. It is also concerned about the repercussions which the U.S. measures may have throughout the Western trading world.

The U.S. is the most important single export market for the British Steel Corporation. Sales

there worth £50m. out of total exports of £250m. last year.

Fortunately, heavy shipments of U.K.-produced steel were made to the U.S. earlier this year, in anticipation of a possible U.S. steel strike, and sales for the rest of this year were expected to fall off.

Steel industry

Moreover, as the U.S. steel industry strike was only prevented by a big pay settlement and higher prices, the BSC expects to stay price-competitive.

The Scottish tweed trade, and the Yorkshire wool textile industry expect trade to suffer, although they are hopeful that fine quality, high-priced cloths will not be so badly affected.

The British National Export Council feels that British consumer goods, selling at the top end of the market, will hold their own, despite an obvious danger from Mr. Nixon's "Buy American" appeal.

In the field of capital goods, however, it is more concerned about the effect which the surcharge will have on sales, particularly of machine tools. The total U.S. market for British machinery and transport equipment was worth £335m. last year.

The main hope for U.K. manufacturers in this important sector is that the 10 per cent. job development credit announced by the President to stimulate investment in new equipment will produce the sort of demand boom which they can benefit despite the effect of the surcharge on prices.

Welcome from U.S. industry —with reservations

BY JUREK MARTIN

THE GENERAL reaction of America's business and industrial leaders to President Nixon's package was favourable, though much confusion reigned on the specific application of some of his proposals.

A number of key officials stressed that in many ways Mr. Nixon's measures were unpalatable. Mr. David Rockefeller, head of Chase Manhattan Bank, observed that "I don't think that anyone should be very happy that this kind of statement was necessary, but anyone who has followed these matters shouldn't be surprised by it."

Mr. A. W. Clausen, chairman of Bank of America, the largest U.S. bank, while commending the President, said that the programme was "clearly short term and tactical" and should not disguise the need for a longer-term economic strategy.

A number of industrial leaders, not all of whom are by any means persuaded by protectionist arguments, also expressed reservations about the consequences of the import surcharge, but all welcomed without exception the reintroduction of the investment tax credit. The machine tool industry, in particular, was delighted by the move.

However, by far and away the greatest concern centred on the effect of the President's programme on individual industries and it was here that the major uncertainty lay. It was, for example, not clear this morning whether the freeze of prices for 90 days would in fact prohibit certain companies from going ahead with increases that had already been announced and scheduled.

The car industry, while gratified by the proposal to repeal the 7 per cent. Excise tax, simply did not know this morning whether they would be permitted to put up the price on their new model-year cars that are about to be introduced. If they are allowed to proceed with their increases, which average rather under 5 per cent., the effect



Mr. David Rockefeller

would be more or less to cancel out the reduction in prices that repeal of the Excise tax would cause and leave the cost of a new car at just fractionally below the level of a year ago. If they refrain from adopting the higher prices, a typical new car should cost about \$300 less this year than last.

The industry was pretty certain that its competitive position vis-à-vis imports should be drastically improved. In the critical small car field, for example, the principal American products, the Ford Pinto and General Motors Vega, have generally cost as much as \$200 more than the typical import. This gap could well now be eliminated. Ford only the other day said that it was going to increase the price of its Pinto from \$1,919 to \$2,069; the end of the Excise tax would mean that this could drop to \$1,952; if the price increases are rolled back, it would fall to \$1,810.

The smallest American car company, American Motors, to-day said that its new year

price increases had clearly been announced and limited before the President spoke and that they did not plan to roll them back.

The Big Three, however, were far more guarded in their public utterances.

At the same time, even though it would appear that imported manufacturers will benefit from the end of the Excise tax (unless the Congress enacts legislation specifically excluding them from the repeal), their pricing policies will inevitably be affected by the 10 per cent. import surcharge, which in fact amounts to a new tax of 10 per cent. of the landed assessed value of a car and not a surcharge of 10 per cent. on the current 31 per cent. Customs duty. None of the importers here would venture to suggest what this would mean for their showroom sale prices, producers of mainly specialty cars, such as Volvo, appeared less worried than those in the thick of the cut-throat small car market, such as Volkswagen and the two Japanese companies, Toyota and Datsun.

The other industry with previously announced price increases in the pipeline is, of course, steel, and it would appear from the comment of Mr. Sulz that the Administration is prepared to veto those higher prices that would have taken effect in the course of the next 90 days. This may be somewhat academic since the steel industry's current position is so sluggish that there is the very good chance that the industry will not be able to make these price rises.

Bothlehem Steel has already deferred introduction of higher prices on cold rolled sheet until the New Year and there are persistent reports that mills are prepared to offer sizeable discounts from list prices in order to attract buyers.

At the same time, the 10 per cent. import surcharge ought to help dislodge many foreign consumers from transferring their allegiance to cheaper foreign

cheaper air fares on the North Atlantic from next April 1, regardless whether or not an "open rate" situation—or fares free-for-all—emerges on the route.

It is pointed out that there are still eleven months to go before April 1 anyway, in which time almost anything can happen. The deadline for declaration of an impending open rate situation is September 1—the date by which Louisiana, the only dissenting voice at the recent Montevideo conference on North Atlantic fares, must say whether or not it intends to change its mind.

The view is that an "open rate" situation on the North Atlantic is almost certain to be declared by the end of the year and airlines will then consider their fares plans accordingly. But they have plenty of time in which to do this, whereas any changes stemming from the exchange rate situation is of much more immediacy.

It is probable, in fact, that the dollar situation has at least temporarily slowed the North Atlantic fares controversy in the background, and that for at least the next week or two the airlines will be more concerned with what is going to happen in the near future.



The scene yesterday at the Haymarket offices of American Express

Confusion reigns over travellers' cheques

BY JOHN HUNT

THE U.S. dollar sunk well below its floor of \$2.42 against sterling in transactions involving travellers' cheques cashed at the London clearing banks yesterday.

With the closing of the foreign exchange markets the rate being quoted by the banks was the main indicator of the condition of the dollar.

During the day the rate offered against the pound by the banks was generally \$2.46 to \$2.52 but for a short time it went to \$2.50. All the banks were offering different rates—an indication of the confusion prevailing.

Large crowds

A "rationing" system was also imposed with banks limiting the amount of travellers' cheques they were prepared to cash or sell. There was a similar limitation on the amount of dollars they would take in cash for sterling.

American Express continued to cash dollar travellers' cheques at \$2.42, the same rate that it had charged on Friday.

This drew large crowds of tourists to the company's office in the Haymarket, London, and at one time 500 were queuing. Earlier in the day there had been similar scenes at some bank branches.

Most of the pressure came from American tourists who were eager to cash their travellers' cheques following the news from Washington.

A Midland Bank official said that travellers' cheques were being purchased at \$2.46 and there was a limit of £20 per customer, far better than their counterparts

in Germany, Holland or Italy where they had found that their dollars had shrunk 10 per cent. overnight against local currencies.

At Barclays the rate was \$2.32 and the bank was prepared to take dollars in cash or travellers' cheques up to a ceiling of \$100 per person. He saw this margin as a minimum protection against dollar devaluation.

National Westminster said that the rate had gone briefly to \$2.60 in the morning but had settled at \$2.50 by the afternoon. It had been reduced when demand had fallen off from its peak earlier in the day.

Demand for sterling by people holding dollar travellers' cheques had been several hundred per cent. higher than normal, a National Westminster official said. At one time there had been queues at some branches stretching from the counter to the pavement outside. A limit of £50 was placed on transactions.

At Lloyds Bank the rate was \$2.32 and a limit of £50 was placed on the acceptance of dollar travellers' cheques.

Banks were sensitive to the possibility that the drop in the value of the dollar might be seen as an attempt on their part to profiteer from tourists. One official, for instance, pointed out that the banks themselves were taking a considerable risk.

"What is the rate going to be for sterling to-morrow," he demanded. "Who is going to tell me that? We could end up making a thumping loss."

He pointed out that the American tourists in Britain were faring far better than their counterparts

Previous closing

At American Express an official explained that its rate had been maintained because the company had to think of protecting the tens of thousands of its customers holding American Express travellers' cheques. The policy had been to have the rate on the previous closing quotation.

"It has always been the company's policy and always will be," he said.

SURCHARGE EXEMPTIONS

THE WHITE HOUSE said crude oil, petroleum products, meat, sugar, dairy products and cotton textiles will not be subject to the 10 per cent. import tax surcharge announced by President Nixon.

The surcharge was applied to dutiable imports not under quantitative restraints. The items listed by the White House are already subject to restraints and were exempted from the President's order. The import surcharge will not apply to the \$100 allowance for returning American tourists who will still be permitted to bring to this amount of goods duty-free, the Treasury said.

Reuters

APOLLO

Edited by DENYS SUTTON

the international magazine of the fine arts

EIGHTEENTH-CENTURY STRASBOURG



Coffee-pot by Jean-Jacques Ertz, c. 1749-51. Silver-gilt, height 21cm. The Louvre, Paris. Illustrated August Apollo.

The AUGUST issue of APOLLO gives a varied account of eighteenth century Strasbourg, its architecture and its art. It contains articles on the Palace of the Rohans, who were Bishops of Strasbourg; Ceramics; Painting & Sculpture in Alsace and Gold & Silverware. In addition there are the usual APOLLO features of Art across the U.S.A., London Galleries, Book Reviews and the Sale-room.

APOLLO is available from all leading newsgroups or direct from the publishers, price £1.00. Annual subscription £12.00, including postage and packing to anywhere in the world, except U.S.A., where all copies are sent by air-speeded delivery for \$32.00.

The Circulation Manager

APOLLO MAGAZINE

Broken House, Cannon Street, London, EC4P 4BY.

Please send me regular monthly copies for a period of twelve months,

commencing with the.....issue

Name.....

Address.....

Signature.....

Cheques and postal orders to be made payable to Apollo Magazine Ltd.

مكتبة الأصيل

COMPANY NEWS - COMMENT

Hattersley Stelrad puts 2½% on dividend

A FINAL dividend of 22½ pence by Hattersley Stelrad raises the total from 35 pence to 57½ pence for the period ended April 30, 1971.

From a turnover of \$5.79m. (\$5.19m.), group profit, before tax and exceptional items, shows an advance from \$218,353 to \$1,287,223.

Results for 1970-71 include profits of the group except Belkon (formerly Bekon Bell), which is included for the period subsequent to acquisition, July 1, 1970. Results for 1969-70 include profits of the company and Hattersley Brothers for the year ended March 31, 1970. Steel Radiators for the period January 1, 1969 to March 31, 1970. Schlegel Networks for period April 3, 1969, to March 31, 1970.

Excluding profits of Belkon from 1970-71 and profits of Steel Radiators from 1969-70, the profit before tax and exceptional items for 1970-71 amounts to \$1,105,000 compared with an estimated profit of \$700,000 for the previous 1969-70 period.

External turnover: \$5,790,256; Trading profit: \$1,287,223; Interest receivable: \$1,287,223; Taxation: \$25,250; Profit after tax: \$1,261,973; Dividend: \$22,500; Profit retained: \$1,239,473; Final dividend: \$22,500; Profit after depreciation: \$1,216,973; Profit after depreciation and interest: \$1,216,973; Profit after depreciation and interest: \$1,216,973.

The group makes gas boilers, solid fuel appliances and engineering castings.

comment

Although Hattersley-Stelrad has not been asleep as far as physical growth is concerned with volume production up by about 35 per cent. overall thanks to increased capacity and new methods of production, the real boost in 1970-71 came from the strength of 50 per cent. market share to put up its prices. On a comparable basis, the group increased pre-tax profits by more than 70 per cent. as well as volume production by about a quarter to 19 per cent. So with order books running 20 per cent. or so ahead and hopes that volume production will rise in line with it looks as if the growth will not fall off over 1971-72. On earnings of 14½ pence a share, the shares at 17½p-up 8p last night—on a p/e of just under 12 could go higher.

Extra 5% by Ward & Goldstone

A FINAL dividend of 14 pence by Ward & Goldstone raises the total from 15 pence to 29 pence for the year ended March 31, 1971.

Pre-tax profits were up from £1,424m. to £1,991m. following the rise to £690,000 (£522,000) at half-way.

Trading profit: £1,991,000; Depreciation: £1,424,000; Profit after tax: £567,000; Dividend: £14,000; Profit retained: £553,000; Final dividend: £14,000; Profit after depreciation: £1,407,000; Profit after depreciation and interest: £1,407,000; Profit after depreciation and interest: £1,407,000.

The group manufactures insulated wires and cables, electrical accessories and plastics.

comment

That Ward and Goldstone has exceeded unofficial half time expectations—pre-tax profits rose by 51 per cent. in the last six months compared with 32 per cent. in the first—has been confirmed in the 9p rise in the share price last night to 13½p. The overall p/e ratio has risen at taxable level is enhanced further by the lower tax charge and earnings per share of 10½p (compared with 6p last year) suggest a p/e of 12½, rating depreciation have been written off freehold buildings at holiday villages. It is considered these

INDEX TO COMPANY HIGHLIGHTS

Company	Page Col.	Company	Page Col.
AGB Research	18 4	Peak Trailers	19 3
Ashworth & Steward	18 2	Preedy (Alfred)	18 3
A.W. Sec.	19 3	Scottish & Eastern Trust	18 3
Best & May	18 6	Second Great Northern	18 4
Bids and Daals	19 4	Stowe & Bowden	18 5
Deundi Tea	18 5	Textured Jersey	18 5
Electronic Machine	19 2	Ward & Goldstone	18 1
Hallfax Building	19 2	Wardle (Bernard)	18 3
Hattersley Stelrad	18 1	Webb (Joseph)	18 2
Meyer (Montague)	18 4	Whitbread	19 1
Oldham International	19 1	Yatton Furniture	19 3

Ashworth & Steward holds 15%

FROM SHARPLY reduced profits Ashworth & Steward (Holdings) is maintaining its dividend at 15 per cent. for the year to February 28, 1971, with a final of 10 pence.

The group pre-tax figure was £143,524, against a forecast of not materially different from the £129,921 for the previous year. The company is engaged in property investing, developing and building.

The results include a loss in house building division of £19,911 before interest charges against a profit of £25,323. This division is being reorganised and the Board is confident that it will return to profitability in the current year.

The value of ground rents has been written down to the lower of cost or eight years purchase and £55,317 representing the amount written off after relief from tax has been charged directly against general reserve.

comment

After just missing its forecast in 1969-70, Ashworth & Steward has done even worse in 1970-71—by slipping 40 per cent. below the unchanged 1969-70 level. January. Apparently the shortfall is largely explained by a £50,000 writedown of some building land which has now been sold. Switching this charge now absent, Ashworth seems confident of recovery and there is some solid evidence to back this up. For one, housebuilding is now making good progress in line with the sector as a whole in addition rental income this year should be over the £2m. mark, helped in large part by the letting of the major Leamington Spa scheme which should bring in £200,000 in the first half. The company's dividend is expected to be a p/e of 20.6 at 57p expects the latest profits performance to prove no more than a temporary hiccup and would drop to 9 on a full recovery.

Same 17½% by Joseph Webb

Directors of Joseph Webb and Co. are maintaining the dividend at 17½ pence for the year to March 31, 1971, with an unchanged 10 pence final.

Pre-tax profits were up from £110,000 to £179,700 after being down at £43,274 (£50,392) at half-way in February, results similar to the previous year were anticipated.

Directors say the profit increase was helped by an improved turnover and the contribution from estate and property development for the second half, due to land sales in the period, in conjunction with a substantial increase in per cent. in the last six months compared with 32 per cent. in the first—has been confirmed in the 9p rise in the share price last night to 13½p. The overall p/e ratio has risen at taxable level is enhanced further by the lower tax charge and earnings per share of 10½p (compared with 6p last year) suggest a p/e of 12½, rating depreciation have been written off freehold buildings at holiday villages. It is considered these

31% from AGB Research

Directors are continuing to pursue an active policy with regard to property holdings and repairs and maintenance are watched very carefully and kept up to date. The letting of the former head office and warehouse in Dudley is proceeding well. There has been a fairly heavy expenditure on repairs and alterations in this financial year and this part of the activities is likely to expand in the years to come. As reported on July 17, pre-tax profits for the year to April 30, 1971, were £188,636 (£198,416). The dividend is held at 16½ pence. The group trades as wholesale and retail tobacconists, confectioners, etc., and retail newsagents. Meeting, Dudley, September 9 at 5.45 p.m.

B. Wardle first half setback

ON SALES OF £3,744,706, against £4,155,537, group profit of Bernard Wardle & Co. fell sharply from £240,900 to £11,104 for the 28 weeks to June 13, 1971, subject to tax of £16,444, against £103,405. With order books overall in good shape and a brighter trading prospect ahead, the Board anticipates a second half pre-tax profit of at least £300,000 (£251,000) and that £240,000 to £300,000 is confidently expected to maintain the result for the year to November 28, 1971, against £292,263.

An unchanged total dividend of 22½ pence is forecast, of which a 10 pence interim is declared. Chairman, Mr. D. A. Boothman, reports that the fabrics company suffered from late delivery of major new equipment and subsequent severe start-up problems in the first half. These had now been largely overcome and the fabrics division was expected to break even for the full year, after the first-half loss. He adds that the improvement of Hissed Plastics was going according to plan. "After a long and difficult struggle this company has justified our confidence by moving from the very heavy loss situation reported at the year-end to a current position of marginal profitability."

M. Meyer sees profit growth

A CONTINUED growth in profits for timber merchants, Montague L. Meyer and Co. is seen by the chairman, Mr. J. M. Meyer. The Board is confident that the company's profit will be maintained in the year to November 28, 1971, against £292,263.

As reported on July 21, group pre-tax profit for the year to April 30, 1971, was £235,230, against a forecast of not less than £235,000, and with £163,144 for the previous year. Turnover was £3,072,637 (£2,775,011). The dividend is 32½ pence, a one-for-one scrip issue is proposed and it is intended to maintain the dividend rate on the enlarged capital. A share incentive scheme is also proposed. Meeting, Savoy Hotel, W.C., September 14, noon.

Second Great Northern Trust

The modest dividend increase in 1970-71 by the Second Great Northern Investment Trust was made having regard to the substantial increase in the dividend from £14,000 to £15,000.

There seems some reason to think that Britain may be entering a period when the outlook for industrial profits and for investment should be favourable—but the chairman stresses that this will be dependent upon at least some material reduction in the current high inflation rate. For the U.S. he feels that although it is difficult to envisage a serious setback occurring, the trust will not want to see its stake there further until the outlook is a little clearer.

A. Preedy sees improvement

Mr. H. L. Preedy, chairman of Alfred Preedy and Sons, hopes for a marked improvement in the 1971-year figures to September, 1971. He also anticipates an improvement in income from property investment in the current year.

RESULTS AND ACCOUNTS IN BRIEF
FRUIT AND PRODUCE EXCHANGE
OF GREAT BRITAIN—Results for 1970-71, reported July 31. Fixed assets £20,115 (£24,853). Current assets £20,115 (£24,853). Total assets £40,230 (£49,706). Meeting, Walcott Hotel, W.C., September 8, at 11 a.m.

AUGUST 1971—Results, year ended April 30, 1971, reported August 3 with proposed one-for-one scrip issue and chairman's observations. Group fixed assets £124,502 (£125,067), current assets £129,235 (£129,235) and liabilities £229,737 (£229,737). Meeting, Leeds, September 3, at noon.



The Duke of St. Albans, chairman of Industrial Midlands Investment Trust, addressing shareholders at yesterday's annual meeting.

DIVIDENDS ANNOUNCED

Company	Current payment	Date of payment	Corre. div.	Total for year	Total last year
AGB Research	20	Sept. 27	10	15	1115
Ashworth & Steward	10	Sept. 28	8	25	25
Cornell Dresses	22½	Sept. 29	20	37½	35
Hattersley Stelrad	22½	Sept. 29	20	37½	35
Leslie & Godwin	(c)17½	Sept. 30	12½	45	45
Peak Trailers	7½	Sept. 27	5	12½	5
Scottish Eastern Trst. Int.	Nil	Oct. 6	3	13	13
Stowe & Bowden	Nil	Oct. 6	10	20	15
Ward & Goldstone	Nil	Nov. 8	10	22½	22½
Bernard Wardle	Nil	Sept. 24	10	17½	17½
Joseph Webb	10	Sept. 24	10	17½	17½

* Equivalent after allowing for scrip issue. † Amount per share. (a) Tax free. (b) On capital increased by rights and/or acquisition. (c) To reduce disparity. Interim statement posted September 29.

Textured Jersey's new move

Textured Jersey (made public September, 1970) intends to enter the field of fabric dyeing, and to facilitate this a freehold factory in Leicester has been purchased. Benefit will be felt in the year commencing May 1972, says chairman Mr. H. E. Knobill. Confidence in the future is reflected by the commitment of £534,500 in respect of capital expenditure (£403,300).

Mr. Knobill considers that, notwithstanding difficulties which might lie ahead, the company faces an exciting future and welcomes the opportunity, which the directors trust will shortly be accepted, to operate within the framework of a European Economic Community.

As reported on July 21, group pre-tax profit for the year to April 30, 1971, was £235,230, against a forecast of not less than £235,000, and with £163,144 for the previous year. Turnover was £3,072,637 (£2,775,011).

The dividend is 32½ pence, a one-for-one scrip issue is proposed and it is intended to maintain the dividend rate on the enlarged capital. A share incentive scheme is also proposed. Meeting, Savoy Hotel, W.C., September 14, noon.

Deundi Tea's better cash position

The benefits of the policy of building up working capital began to appear in 1970, says Mr. W. E. Mitchell-Innes, chairman of the Deundi Tea Company.

As compared with 1969 bank interest charges have been almost halved, the balance sheet shows a material improvement in the cash position, the overdraft being reduced by over half, while net current assets have improved by 38 per cent., despite capital expenditure being continued at about the same level.

The 1970 profit of £2,404,582 was again a record exceeding 1960 by £150,000. Profit, before tax, for 1970 amounted to £238,038 (£101,440) and as reported July 17, the dividend is unchanged at 7 pence.

Following the difficulties experienced in Australia, it was decided to acquire the minority interest in the company and place it under full management control, with the result that a profit has been achieved. From 1971 the company will return to the investment and gradual expansion in the future is expected. Chairman's statement Page 19.

Stowe & Bowden

Advertising agents Stowe and Bowden Holdings has run into a loss of £25,734 in the six months to March 31, 1971, and there is a half loss and it is confidently expected that the group will return to a profit situation in 1971-72.

MINING NEWS

Peko sticks to its uranium guns

BY LESLIE PARKER, MINING EDITOR

YESTERDAY'S follow-ups to the week-end news of Queensland Mines' downgrading of its formerly momentous Nabarlek uranium find in Australia's Northern Territory were equally dramatic. In the first place the Sydney Stock Exchange suspended dealings in both Queensland and in Nabarlek Investments which owns half the capital.

In the second place Peko-Wallsend rushed into first place in the stock exchange, up 10 pence to 17½p, after a sharp rise in the original assessment of its Ranger 1 prospect there which, as outlined in Mining Notes, yesterday, naturally came under suspicion following the Nabarlek revelation.

In sharp contrast to Mr. Roy Hudson's back-peddling at Nabarlek, Peko's chairman, Mr. John Proud, still reckons that Ranger 1 has a potential of around 71,000 metric tons of uranium oxide. His "original" "guesstimate" was 70,000 tons as long ago as last October.

Now Mr. Proud says that the former estimate of 32,000 tons for the No. 1 anomaly has been supported by drilling and the latest assessment suggested that the anomaly contains some 40,000 tons. The figure for the No. 3 ore body remains unchanged at a possible 31,000 tons.

As detailed on Saturday, Mr. Hudson shot the Nabarlek potential down from 55,000 to 9,000 tons, a change of mind that has prompted a stock exchange investigation down under as well as an inquiry by the Australian Senate's select committee on securities and exchange into the announcement and share trading in Queensland Mines.

Any bullish response in either Sydney or London to the Peko statement—the shares dropped 10p to a 1971 low of 38p—was "tempered" by the accompanying announcement that the company's consolidated net profit for the year to June 30 had dropped by 53m. to \$6.9m. (\$23.1m.) although the dividend total is actually "raised" modestly to 15 cents (7p) by a final of 7½ cents. £22 million is Peko's partner in the Ranger 1 find. Its shares rallied 2p yesterday to 140p.

W. TITANIUM TO DEFER PLANT

Because of technical problems being experienced by some of the plants in the U.S., Western Titanium is not going ahead with its full-scale alumina upgrading plant at this stage. But the Consolidated Goldfields Australian Group, which is a sand mineral producer, is keeping various possible schemes for furthering this project. It was stated that it should not be assumed that the extent of the resources were finally written off prospecting and mine development costs the pre-tax profit for the 17 months to June recent newspaper reports. Yesterday, Meekatharra fell 8p to 65p.

UNIT TRUSTS

M. & G. Second
The distribution on the Income Units of M and G Second General Trust Fund for the year ending December 12, 1971, is 1.00p net per unit, against 0.95p in the previous year. The price of the units increased by 21.5 per cent. over the last six months to June 14, 1971, against a 15.3 per cent. gain in the FT Ordinary Index.

MINSTER FUND
The income distribution of Minster Fund for the half-year to June 30, 1971, is 0.61p net payable August 16, 1971. The value of the portfolio, including cash, is £27.5m. The value of the fund at the end of June.

MOORES STORES LTD.
(Multiple Retail Grocers and Supermarket Operators)
Solent points from the Review of the year ended 27th March 1971.

- ★ Despite the massive reorganisation during the year the decline in profits has been arrested.
- ★ Pre-tax profits for the first half year were £207,000 (£267,000). The full year's result of £361,051 (£530,210) is rather better than the Board's January forecast.
- ★ Proposed final dividend of 4½p upon the Ordinary Shares making 9½p for the year. (Same as last year.)
- ★ A completely revised management structure has been introduced.
- ★ It is our intention to move towards a national image and ultimately all of our branches in England will trade under the name of MOORES.
- ★ Our interest in new developments will lie in units of 10,000 sq. ft. and over with on-site car parking and smaller supermarkets in neighbourhood shopping centres.
- ★ The Group's policy of closing uneconomical units has progressed rapidly with the closure of 194 units and at the financial year end the Group traded in 679 branches. By 1972 we will have virtually completed our main closure programme and will then accelerate our planned development of the Group.
- ★ Whilst it is evident that turnover will be affected by further closures, we are nevertheless certain that we are laying a firm foundation for the future of the Group.

NOTICE OF PARTIAL PAYMENT
FOOD MARKETING GROUP LTD. has agreed to pay to all outstanding 6½p shares of 1971-72 a partial payment of 3½p on the basis of the 1971-72 dividend of 10p. The balance of 3p will be paid on the basis of the 1972-73 dividend of 13p. The balance of 3p will be paid on the basis of the 1972-73 dividend of 13p. The balance of 3p will be paid on the basis of the 1972-73 dividend of 13p.

NOTICE OF PARTIAL PAYMENT
FOOD MARKETING GROUP LTD. has agreed to pay to all outstanding 6½p shares of 1971-72 a partial payment of 3½p on the basis of the 1971-72 dividend of 10p. The balance of 3p will be paid on the basis of the 1972-73 dividend of 13p. The balance of 3p will be paid on the basis of the 1972-73 dividend of 13p. The balance of 3p will be paid on the basis of the 1972-73 dividend of 13p.

NOTICE OF PARTIAL PAYMENT
FOOD MARKETING GROUP LTD. has agreed to pay to all outstanding 6½p shares of 1971-72 a partial payment of 3½p on the basis of the 1971-72 dividend of 10p. The balance of 3p will be paid on the basis of the 1972-73 dividend of 13p. The balance of 3p will be paid on the basis of the 1972-73 dividend of 13p. The balance of 3p will be paid on the basis of the 1972-73 dividend of 13p.

NOTICE OF PARTIAL PAYMENT
FOOD MARKETING GROUP LTD. has agreed to pay to all outstanding 6½p shares of 1971-72 a partial payment of 3½p on the basis of the 1971-72 dividend of 10p. The balance of 3p will be paid on the basis of the 1972-73 dividend of 13p. The balance of 3p will be paid on the basis of the 1972-73 dividend of 13p. The balance of 3p will be paid on the basis of the 1972-73 dividend of 13p.

NOTICE OF PARTIAL PAYMENT
FOOD MARKETING GROUP LTD. has agreed to pay to all outstanding 6½p shares of 1971-72 a partial payment of 3½p on the basis of the 1971-72 dividend of 10p. The balance of 3p will be paid on the basis of the 1972-73 dividend of 13p. The balance of 3p will be paid on the basis of the 1972-73 dividend of 13p. The balance of 3p will be paid on the basis of the 1972-73 dividend of 13p.

NOTICE OF PARTIAL PAYMENT
FOOD MARKETING GROUP LTD. has agreed to pay to all outstanding 6½p shares of 1971-72 a partial payment of 3½p on the basis of the 1971-72 dividend of 10p. The balance of 3p will be paid on the basis of the 1972-73 dividend of 13p. The balance of 3p will be paid on the basis of the 1972-73 dividend of 13p. The balance of 3p will be paid on the basis of the 1972-73 dividend of 13p.

NOTICE OF PARTIAL PAYMENT
FOOD MARKETING GROUP LTD. has agreed to pay to all outstanding 6½p shares of 1971-72 a partial payment of 3½p on the basis of the 1971-72 dividend of 10p. The balance of 3p will be paid on the basis of the 1972-73 dividend of 13p. The balance of 3p will be paid on the basis of the 1972-73 dividend of 13p. The balance of 3p will be paid on the basis of the 1972-73 dividend of 13p.

NOTICE OF PARTIAL PAYMENT
FOOD MARKETING GROUP LTD. has agreed to pay to all outstanding 6½p shares of 1971-72 a partial payment of 3½p on the basis of the 1971-72 dividend of 10p. The balance of 3p will be paid on the basis of the 1972-73 dividend of 13p. The balance of 3p will be paid on the basis of the 1972-73 dividend of 13p. The balance of 3p will be paid on the basis of the 1972-73 dividend of 13p.



Want to hide 85 Bactrian Camels?

No doubt we could find the space—but, honestly, can you see us as providers of dry docks for ships of the desert? We much prefer to offer our first-rate modern factories to enterprising business men—and kindly remove your flock of oh-mighty-dispersing camel herder and leave our driveway accessible.

We have, for a more practical use, 150,000 sq. ft. of Standard Facilities READY NOW!

CUMBERNAULD
enquiries to:
Brigadier C.H. Cowan, M.A., C.Eng., MICE, MBIM.
Cumbernauld Development Corporation,
Cumbernauld House, Cumbernauld, Scotland.
Telephone: Cumbernauld 21155



INTERNATIONAL COMPANY NEWS + EURO MARKETS

Eurodollar interest rates soar, Eurobond prices recover

BY WILLIAM LOW

SHORT-TERM Eurodollar interest rates rose sharply yesterday following President Nixon's package of measures designed to help the dollar. The key three-month rate was quoted at 8.97 per cent, compared with 8.81 per cent last Friday.

Actual business was limited and operators covered themselves by widening the spread between their bid and offer. The closing of various foreign exchange markets also inhibited trading.

One international banker commented that he expected Eurodollar rates to fall substantially in coming weeks once speculative positions have been unwound. He based his prediction on the belief that holders of currencies such as the D-Mark will convert back into dollars, especially if there is a revaluation of various units.

A realignment of various currencies, many bankers believe, will result in a strengthening of the Eurodollar market since the dollar should re-emerge as the strongest single currency.

The Eurodollar bond market, which has been under pressure in the last few weeks, staged a strong recovery yesterday. Wall Street's upward trend resulted in convertible bonds issued by U.S. companies gaining as much as 10 per cent in price. Straight-debt bonds also firmed.

One London-based Eurobond banker said that "once the dust

has cleared" and revaluations have taken place, there is likely to be considerable demand for Eurodollar bonds, particularly in the top quality straight issues such as the recent two-tranche offering by General Motors.

The outlook for Eurobonds denominated in currencies other than the dollar is less promising, some bankers believe. A revaluation by West Germany or The Netherlands would remove much of the current attraction for issues denominated in D-Marks and Guilders.

In its short (seven years) history, the Eurobond market has frequently suffered as a result of currency unrest. One operator said: "Let us hope that the fundamental changes that have now taken place will put our market on a more certain footing."

Iron and steel profits in the

second half of the financial year

dropped sharply, and BHP stated

that industrial stoppages were the

most significant factor responsible.

It pointed out that strikes

caused a loss of production of

over 350,000 tons of raw steel

during the year.

BHP has also expressed concern

over the rate at which costs have

risen; the most important area of

which being wages and salaries

which went up by 12 per cent

during 1969-70.

As the competition closed, the

local stock index was topping the

300 mark. In July, 1964, it was

100. Dealers, however, believed

that many shares were over-

valued in the general euphoria

and the Stock Exchange is no

exception.

As the competition closed, the

local stock index was topping the

300 mark. In July, 1964, it was

100. Dealers, however, believed

that many shares were over-

valued in the general euphoria

and the Stock Exchange is no

exception.

As the competition closed, the

local stock index was topping the

300 mark. In July, 1964, it was

100. Dealers, however, believed

that many shares were over-

valued in the general euphoria

and the Stock Exchange is no

exception.

As the competition closed, the

local stock index was topping the

300 mark. In July, 1964, it was

100. Dealers, however, believed

that many shares were over-

valued in the general euphoria

and the Stock Exchange is no

exception.

As the competition closed, the

local stock index was topping the

300 mark. In July, 1964, it was

100. Dealers, however, believed

that many shares were over-

valued in the general euphoria

and the Stock Exchange is no

exception.

As the competition closed, the

local stock index was topping the

300 mark. In July, 1964, it was

100. Dealers, however, believed

that many shares were over-

valued in the general euphoria

and the Stock Exchange is no

exception.

As the competition closed, the

local stock index was topping the

300 mark. In July, 1964, it was

100. Dealers, however, believed

that many shares were over-

valued in the general euphoria

and the Stock Exchange is no

exception.

As the competition closed, the

local stock index was topping the

300 mark. In July, 1964, it was

100. Dealers, however, believed

that many shares were over-

valued in the general euphoria

and the Stock Exchange is no

exception.

As the competition closed, the

local stock index was topping the

300 mark. In July, 1964, it was

100. Dealers, however, believed

that many shares were over-

valued in the general euphoria

and the Stock Exchange is no

exception.

As the competition closed, the

local stock index was topping the

300 mark. In July, 1964, it was

100. Dealers, however, believed

that many shares were over-

valued in the general euphoria

and the Stock Exchange is no

exception.

As the competition closed, the

local stock index was topping the

300 mark. In July, 1964, it was

100. Dealers, however, believed

that many shares were over-

valued in the general euphoria

and the Stock Exchange is no

exception.

As the competition closed, the

local stock index was topping the

300 mark. In July, 1964, it was

100. Dealers, however, believed

that many shares were over-

valued in the general euphoria

and the Stock Exchange is no

exception.

As the competition closed, the

local stock index was topping the

300 mark. In July, 1964, it was

100. Dealers, however, believed

that many shares were over-

valued in the general euphoria

and the Stock Exchange is no

exception.

As the competition closed, the

local stock index was topping the

300 mark. In July, 1964, it was

100. Dealers, however, believed

that many shares were over-

valued in the general euphoria

and the Stock Exchange is no

exception.

As the competition closed, the

local stock index was topping the

300 mark. In July, 1964, it was

100. Dealers, however, believed

that many shares were over-

valued in the general euphoria

and the Stock Exchange is no

exception.

As the competition closed, the

local stock index was topping the

300 mark. In July, 1964, it was

100. Dealers, however, believed

that many shares were over-

valued in the general euphoria

and the Stock Exchange is no

exception.

As the competition closed, the

local stock index was topping the

300 mark. In July, 1964, it was

100. Dealers, however, believed

that many shares were over-

valued in the general euphoria

and the Stock Exchange is no

exception.

As the competition closed, the

local stock index was topping the

300 mark. In July, 1964, it was

100. Dealers, however, believed

that many shares were over-

valued in the general euphoria

and the Stock Exchange is no

exception.

As the competition closed, the

local stock index was topping the

300 mark. In July, 1964, it was

100. Dealers, however, believed

that many shares were over-

valued in the general euphoria

and the Stock Exchange is no

exception.

As the competition closed, the

local stock index was topping the

300 mark. In July, 1964, it was

100. Dealers, however, believed

that many shares were over-

valued in the general euphoria

and the Stock Exchange is no

exception.

As the competition closed, the

local stock index was topping the

300 mark. In July, 1964, it was

100. Dealers, however, believed

that many shares were over-

valued in the general euphoria

and the Stock Exchange is no

exception.

As the competition closed, the

local stock index was topping the

300 mark. In July, 1964, it was

100. Dealers, however, believed

that many shares were over-

valued in the general euphoria

and the Stock Exchange is no

exception.

As the competition closed, the

local stock index was topping the

300 mark. In July, 1964, it was

100. Dealers, however, believed

that many shares were over-

valued in the general euphoria

and the Stock Exchange is no

exception.

As the competition closed, the

local stock index was topping the

300 mark. In July, 1964, it was

100. Dealers, however, believed

that many shares were over-

valued in the general euphoria

and the Stock Exchange is no

exception.

As the competition closed, the

local stock index was topping the

300 mark. In July, 1964, it was

100. Dealers, however, believed

that many shares were over-

valued in the general euphoria

and the Stock Exchange is no

exception.

As the competition closed, the

local stock index was topping the

300 mark. In July, 1964, it was

100. Dealers, however, believed

that many shares were over-

valued in the general euphoria

and the Stock Exchange is no

exception.

As the competition closed, the

local stock index was topping the

300 mark. In July, 1964, it was

100. Dealers, however, believed

that many shares were over-

valued in the general euphoria

and the Stock Exchange is no

exception.

As the competition closed, the

local stock index was topping the

300 mark. In July, 1964, it was

100. Dealers, however, believed

that many shares were over-

valued in the general euphoria

and the Stock Exchange is no

exception.

As the competition closed, the

local stock index was topping the

300 mark. In July, 1964, it was

100. Dealers, however, believed

that many shares were over-

valued in the general euphoria

and the Stock Exchange is no

exception.

As the competition closed, the

local stock index was topping the

300 mark. In July, 1964, it was

100. Dealers, however, believed

that many shares were over-

valued in the general euphoria

and the Stock Exchange is no

Bass tenants may strike

NEARLY 100 tenants of Bass Charlington in the London and South-East area yesterday voted for strike action as a last resort in their battle with the brewery for better conditions.

The chairman of the Bass Charlington Tenants' Association said if his members did close down the brewery, they would support tenants of other breweries throughout Britain, making it a national pub strike.

Only four voted against the move for strike action as a final measure.

The tenants are demanding a new charter from Bass Charlington, similar to that recently granted by Watney Mann to its tenants.

The charter offered by Bass was not acceptable, it was stated. The tenants say it contains clauses for ending tenancies at 65, no compensation is offered as a right, and rents are too high. They also want security of tenure.

Upward trend continues in catering trade

THE STRONG upward trend in the level of business in the catering trade continued in the three months to the end of June, according to provisional figures issued yesterday by the Department of Trade and Industry.

In value terms, according to the DTI, business was up 2 per cent in the January-March period, equivalent to an annual rise of 10 per cent. Licensed hotels and holiday camps had a particularly large advance.

Increases of 5 per cent, each, in restaurants and dry cleaners are recorded in the first half of 1971 compared with 12 months earlier. Men's and women's hairdressers achieved a rise of only 1 per cent in the same period.

Package charter prices 'too low'

By Michael Donnan, Aerospace Correspondent

THE VIEW that competition in the "package tour" holiday business had now forced charter airlines to a "dangerously low level" was expressed in a letter yesterday by Squadron Leader J. J. (Jack) Jones, chairman of the British Airline Pilots' Association.

Speaking at a ceremony marking the silver jubilee of Channel Airways, Squadron Leader Jones said that "our operator tries to undercut other operators at a cut here in hotel prices, a trim there on flight food costs, which the other operator has to meet, or one other facility—and, in the end, getting less value for his money."

"The competitive urge is understandable, and desirable, but our operators should beware of ignoring the opinion of the holidaymaker saving he would rather pay a little more and get better value for money. It is a fact that, in spite of the general rise in the cost of living by at least 10 per cent or more, package holidays have been reduced, and are cheaper than ever."

Third airport

Squadron Leader Jones also expressed the view that even when the so-called "third airport" for London is open at Foulness, there will still be a need for the existing Stansted Airport—contrary to the Government's view. The Government has already said that it foresees the eventual closure of Stansted when Foulness becomes operational.

He was critical of the Government for making such a statement. "Channel Airways is in no way against Foulness—far from it. I have already said that we hope to be one of the first airlines to use this super airport when it becomes operational. But it does not mean there will not be a need for places like Stansted in the year 1980, to cater for the continued growth in air transport."

Redundancy fund pay-out soars

BY ELSETH GANQUIN

THE GOVERNMENT'S redundancy fund paid out £12.5m. in the second quarter of this year, or over £3m. more than the £9.5m. it had to return to employers in the first three months.

The fund pays employers a 30 per cent rebate of the money they must give to redundant employees under the Redundancy Payments Act. This means that the actual pay-out to redundant men and women was in the region of £8.5m. (a third more than in the first six months of 1970). In cases of bankruptcy, the Government guarantees the required redundancy payments, and under this provision £294,000 was paid out in the first quarter, and £23m. in the second quarter of the year.

So far this year, redundancy payments went to 172,589 people (27 per cent more than during the same period last year). In the first quarter, average payment per head came to £268. In the second quarter, this was down to £274.

So, while there has been a sharp increase in total payments between the first and the second quarters of 1971, it does seem as if those made redundant during April, May and June were either not receiving particularly high wages, had shorter service, or that fewer older workers were sacked. Redundancy payments depend on these three factors.

Whatever the reasons the fund is in the red. In the Financial Times of August 3, it was suggested the fund was overdrawn by £1m. It now looks nearer £2m. While the fund can borrow up to £20m. without any difficulty, it is obvious that the situation is being kept under constant review.

When the fund was in the red before, rebates to employers were cut from 75 per cent to 50 per cent. That was in March, 1969. I understand that no such plans exist at the moment, but it would probably be easier to raise employers' contributions to the fund than to repeat a cut in rebates.

Heinz venture in retail catering

By David Walker

H. J. HEINZ'S first venture in retail catering, the BeefTree restaurant in London's Edgware Road, will open within the next fortnight.

Specialising in "fast foods" such as roast beef in toasted buns and burgers, the project is seen as a test operation. "If the experiment goes well, further restaurants may be opened in other busy centres," Heinz stated.

Every detail is carefully designed to appeal to young customers in a hurry for something good yet inexpensive.

Heinz's involvement in the increasingly competitive fast foods business is the latest move by the company in the U.S. and Australia. The development in retail catering also comes after rapid growth recorded by Heinz in the industrial catering field. Its turnover there has advanced by 135 per cent over the past four years, compared with an all-industry rise of 25 per cent.

APPOINTMENTS Vice chairman of Clydesdale Bank

Mr. R. D. Fairbairn, director and general manager, is to become vice-chairman of the CLYDESDALE BANK. He will retire as general manager on September 30 and is to be succeeded in that post by Mr. A. R. Macmillan, at present an assistant general manager.

Mr. Rex Christie has been appointed marketing manager of LENTHERIC and MORYN. Mr. David Batchelor is marketing director of both companies.

Mr. A. E. Cullis, comptroller of the DECCA RECORD COMPANY, has been appointed a director of the company.

Captain G. R. Rees has been appointed director of marine services, PORT OF LONDON AUTHORITY.

Professor Hugh Ford, whose appointment to the Board of Alfred Herbert was reported yesterday, has relinquished his directorship of DAVY-ASHMORE.

Mr. Arthur Cohen, a director and chief executive of Hallmark Securities, has been appointed to the Board of the parent company, SPEY WESTMORELAND PROPERTIES.

Mr. T. A. Rodgers has resigned as a director of QUEENSLAND MINES. Mr. J. S. Miller has been appointed to fill the casual vacancy.

Mr. A. S. W. Mossop has been appointed to the Board of FENCHIN JOHNSON PAINTS, part of the International Paint Company, as financial director.

Mr. John Verers is to succeed

Mr. C. A. Zweigbergh as director and secretary of the BRITISH ELECTROTECHNICAL APPROPRIATION BOARD when the latter retires at the end of this year.

Mr. M. E. Hallam has been appointed works director and Mr. W. Bradley financial director and secretary of B. D. STEELS STRUCTURES, a member of Astruc.

First National Finance Corporation which now owns about 46 per cent of the issued capital of the BRITISH LAND COMPANY.

Sharp rise in secondhand car sales in June

BY DAVID WALKER

SECONDHAND car sales rose sharply in the last full month before the mini-Budget, according to provisional figures for the motor trades' turnover in June issued yesterday by the Department of Trade and Industry.

In value terms, deals involving used vehicles were 22 per cent up on the same month last year, the DTI revealed. The result was to bring sales for the three months from the beginning of April to 15 per cent above the corresponding period of 1970.

New cars also advanced significantly, going up by 18 per cent in value on the previous June. Over the same period, manufacturers raised prices by an average of 8 to 10 per cent.

Receipts from sales of petrol, oil and accessories and from service and repairs went up substantially over the 12 months, by a smaller amount—16 per cent, of course of receipt of documents.

WILSON IN NEW MARKET MOVES

Mr. Harold Wilson plans to speak at two of the Labour Party's campaign meetings against entry into the Common Market on the present terms.

Full details have not been settled, but Mr. Wilson will address the first meeting in Central Hall, Westminster, on October 18.

SPEEDY CUSTOMS CLEARANCE The South London Island Clearance depot has been opened in south-east London. It offers customers clearance within 24 hours of receipt of documents.

WHITBREAD AND COMPANY LIMITED

We are aiming for another substantial improvement in profits for the current year, reports the Chairman, Col. W. H. Whitbread.

The Annual General Meeting of Whitbread and Company Limited will be held on 10th September, 1971, at Brewery, Uxwell Street, London, E.C.1.

The following is the Statement by the Chairman, Colonel W. H. Whitbread, circulated with the Report and Accounts for the year ended 3rd April, 1971:

In my last few Statements I have referred to our difficulties over the Government's control of the price of beer, which has caused us problems, and have always hoped that the time would come when we would be free to run our own business without Government interference. As you will see in the Directors' Report, as a result of the price of beer being freed from control last autumn, we are now able to adopt commercial pricing policies within the competition in the industry. This freedom, coupled with effective management, which I will refer to later in this Statement, has resulted in an upsurge in sales which has helped to resolve some of our liquidity problems.

Accounts

You will observe that our profits before tax were nearly £16 million against £12.5 million last year, which is an increase of 27%. If both figures are made comparable by adjusting for the loss in sub-Africa, consolidated this year, for sixteen weeks trading in White's and for five months trading last year, the increase in profits amounts to £4.1 million or 34%.

As regards our cash position, of the total funds £17.9 million available to us in 1970/71, £10.5 million derived from profits, depreciation and investment grants, and £7.4 million from the realisation of assets. Of these funds we spent £2.3 million on production and distribution assets, and £4 million on the expansion and modernisation of our houses, and on other sundry items. The balance of £5.6 million has been used to reduce our Group's indebtedness. We are now in a stronger position to meet future investment requirements which include expenditure to bring a new brewery at Sarnsbury into production in 1972, and our new Soft Drinks factory at Beckton East London.

It is still a problem to us, as to many other industries, that interest rates remain so high, though there are signs of relaxation. Our cash position has been helped by tightening up on credit and paying more attention to our debtors. The reduction in Corporation Tax has also an worth nearly £300,000 to us.

Management Services

There has been a general strengthening of management services and in the reorganisation of the Group's purchasing and insurance activities, which should provide substantial benefits in the future. The Group had converted to computers for D-Day and significant advances are now being made in our use of them.

Decimatisation

Much trouble was taken over decimatisation. At all operation of training, which included courses for all our managers and retailers, was undertaken, and books and conversion cards were distributed throughout the organisation many weeks before D-Day. The result was that, instead of a loss of time, decimatisation went off smoothly and practically a non-event. I do congratulate all concerned with this operation.

Management

All of us feel deep regret for the recent death of a colleague, Captain Mason Scott, R.N., who recently retired, after a prolonged illness. He had been with us for a long time and was a very devoted and respected member of the Group. I am sure that his death will be a loss to the Group, but I am sure that his family will be able to deal with our staff, not only over their retirement and development but over the many personal problems which constantly arise among a large collection of individuals in a large Company like ours.

Admiral Sir Conolly Abel Smith has retired at the age of 71. He came to Dutton Brewery in 1950 and became Chairman in 1960, where his leadership created a happy ship. He later success-

fully chaired the Board of Bentley's Yorkshire Breweries. We thank him for what he has done for the Group and wish him a long and happy retirement.

Mr. Guy Rindgard, who was an Executive Director on the Main Board, also retired during the year. He was previously Managing Director of Fremantle, Maidstone, and is now their non-executive Chairman. Apart from his knowledge and experience, we shall miss him particularly as a friend and someone with whom it has been a delight to work.

Mr. John Lodge retired as a Specialist Director earlier this year. We were fortunate enough to find him at Tennant's of Sheffield when we merged with them in 1961 and brought him to London to employ his skills in the development of our tenanted and managed houses. He leaves many friends, both here and in the retail trade.

Mr. Noel Hodgson retired as a Specialist Director last December after a career with the Company lasting 34 years, mainly on the production side, finishing as Brewery Manager, Chiswell Street. He has many friends both within the Group and throughout the Trade.

Mr. Harold Jenkins, who is Wholesale Marketing Director, was appointed to the Home Board in November 1970, and Mr. John Fox was appointed Specialist Director (Public Relations) in March of this year.

Management Training

During the year the Home Board and Senior Management, including the Chief Executive, completed various training courses and seminars to improve their knowledge and ability, to enable them to cope with the ever-changing conditions in which our industry operates.

I have great confidence in the present Management, whose average age is 49, which leaves them still young enough to learn new techniques as they develop.

Staff and Employees

The last few years have been an extremely difficult time for our staff and employees, owing to the continued inflationary climate, which accelerated violently during the run-up to the General Election. I must thank all those who have loyally supported us through this very difficult time, and the Board fully recognise that this has been a very hard period for them. I hope that we shall all be able to settle down happily to work together for the good of this great association of companies in the future, when we hope inflation will not be moving ahead so fast.

Industrial Relations

It has always been the earnest desire of those responsible for running this Company to be on the best of terms with everybody who is working for them, and for all our people to be on the best of terms with each other. This is an ideal I have always sought after, and we are trying to make sure that every man and woman in the Company knows exactly who they are responsible to, who is responsible to them, and what they as a team are seeking to achieve, also that they should treat each other as human beings and friends, and not as units.

I believe that when the Industrial Relations Bill becomes law, it will operate to the advantage of both the employee and employer. The trouble is that there has been so much discussion and criticism that it has been difficult to understand, which makes everyone suspicious.

Pension Scheme

We have recently been considering the introduction of a Group Pension Scheme for our employees, to operate from April 1972, to replace the large number of different and varied schemes which at present exist. Under the new scheme, no employee will be worse off than he is under his existing arrangements, and many will be substantially better off.

Share Incentive Scheme

We have always wanted to encourage management by allowing them to have some interest in the equity of the Company, and therefore, after much consultation we wish to introduce a share incentive scheme. The object is to provide a special incentive to managing directors and executives, without diluting the profits of the shareholders. I realise only too well myself the tremendous problems of a rising cost of living.

Properties

During the year we sold properties to the value of over £5 million, which consisted of £3,500,000 worth of licensed properties and £1,500,000 industrial properties, the remainder being made up of shops, private dwellings, houses, land and unlicensed properties. This, as I have already pointed out, has helped our cash position. The number of on-licences at the end of the financial year was 7,940. This is a decrease of 340 compared with last year's total. We closed 302 licensed premises, 250 voluntarily and the balance by reason of compulsory purchase orders.

During the year, eight new houses were opened, costing £331,000, and there are at present twelve new houses in the course of construction at the overall cost of £848,000.

Whitbread Trafalgar

As shareholders already know, this Company was formed two years ago in order to develop our properties to their best advantage. At present there are 16 properties at various stages of development but progress is inevitably slow, owing to the difficulties in obtaining planning consents. It is hoped that the amount of cash which will become available to the Group, after allowing for Capital Gains Tax and including Whitbread's share of the net profits of the joint company, will exceed £3,500,000 over the next five years.

As regards the Chiswell Street site, negotiations have continued with the Local Authorities concerned and objections to the G.L.C. proposals affecting Chiswell Street have been made to the Planning Committee. It is hoped that a satisfactory solution to the problem will be found.

Production

There have been very substantial improvements in operating costs in our Luton brewery, due to the whole plant working more efficiently. The greatly increased demand for Heineken Lager has required a further expansion there, and our new brewery at Sarnsbury is now under construction. Sarnsbury is expected to be in production during the summer of 1972. Situated on a 56-acre site between Preston and Blackburn, and adjacent to the M6 motorway, it will be capable of meeting our trade in this area in the foreseeable future. During the year we have closed our brewery in Edinburgh and have opened a new distribution depot at Rothley, Leicestershire, to ensure an efficient distribution of our beers in Scotland.

The quality of our beers is ever present in the minds of your Board, and we have recently reorganised our quality control to ensure the continuance of the high quality of our production.

Distribution

With labour costs continuing to rise and representing more than 65% of overall Distribution costs, good planning and efficient utilisation of manpower in this field of operations are receiving increasing attention.

This was a year of wage explosion, and the bulk of the overall increase arises from direct labour costs, which at £7,500,000 was an increase of nearly £1,000,000, or 14%. It is, however, evident that extra productivity has to some degree offset the rise in wage levels, and there have been reductions in numbers employed as well as in the use of hired transport.

Rationalisation

To give some idea of the rationalisation which has taken place in the Whitbread Group since 1960, we have closed 15 breweries, 24 bottling plants and 54 distribution depots, and during the same period, apart from the new brewery and bottling stores at Luton, we have improved and enlarged ten breweries and three depots.

These are formidable figures, not only as regards planning but in dealing with those employed so that the least untimely and disruption of life is caused. We have paid out large sums in redundancy payments and in pensions, and I am sure that shareholders will agree that the Board should treat all those who have worked for us in as generous and kindly a way as possible.

Wines and Spirits

Some years ago we concentrated our wines and spirits interests into Stowells of Chelsea. This Company has made considerable progress during

the year, and one of our successes has been our range of Corrida Spanish wines, where sales increased by 30%.

Our retail shop companies—Threshers and Marles—increased their profit substantially this year and it is encouraging to note that there are some signs of price stability appearing in the High Street, where competition has been ferocious and the return on capital invested in our shops has been low.

We believe a good deal more money could be made out of our sales of wines and spirits, and the Board are determined to give their attention to this and develop Stowells of Chelsea to take advantage of the growth of this market.

Marketing

Up to shortly after the war, our trade was 20% tied and 80% free. It is interesting to note that this year it is nearly 80% tied and 20% free. This is due to the mergers carried out with other breweries during recent years, but the proportion of free trade still remains high compared with many of our competitors. The volume of Home Trade increased by slightly under the national average, which is not surprising in view of the closure of a number of public houses. The important point is that profitability has increased.

Draught beer sales are about 70% of our trade, and continued to expand at a similar rate to last year at the expense of packaged beers. Bottled and Draught Heineken sales exceeded expectation and Draught Heineken already represents a share of 20% of the England and Wales lager market. Sielle Lager, brewed by the Artois Brewery in Belgium, has also got off to a good start and made rapid progress in the premium lager market.

In spite of a small fall in the sales of our bottled beers, our market share has increased by nearly 2%, and Label continued to increase by over 20% for the ninth year running.

In a year when the national growth of small cans continued at the high rate of 24%, our can sales increased by over 40%. Heineken and Meckeson cans showing the major increase of over 64%.

Litter is a national problem, and we are very conscious of the part we can play in ensuring that our packaging materials are easily disposable and do not become litter. To this end, an anti-litter message has been put on all our packaging.

Our Tenants

You will realise there are great changes going on in the industry in the relationship between the brewer and the tenants of his houses. Whitbread tenants are regarded as independent businessmen working in partnership with us to provide a high standard of service to the public and to obtain the maximum return on capital invested for us both. We have attached great importance to maintaining a close liaison at all levels throughout the Company, and in all areas of the country, with the National Federation of Licensed Victuallers, the London Central Board and the National Association of Licensed House Managers. During the past year we have reached agreement with the National Federation and the London Central Board, whereby all those who take the tenancy of any of our houses after the 1st October will buy their beer at free trade prices, and all existing tenants will be given the option to do so if they wish. Tenants will also be given the opportunity to apply for a tenancy agreement covering a three year period, and we hope this will give them a feeling of greater security.

Development of Managed Houses

Apart from the benefit of price increases, the retail profits from managed houses increased by good management by over £500,000 during the year. We have extended further into hotels by purchasing from Trust Houses Forte their share of Sever-side Hotels in Wales. We formed a joint company with J. Lyons, called Whitby Inns, through which it is hoped to develop hotels and acquire new sites. We operate over 100 first class restaurants which have exceptionally high standards of comfort and food at highly competitive prices, and it is our intention to develop further in this field. I have looked upon it as of great importance that every licensed house should sell food of some kind, appetisingly displayed and served, so we are giving special attention to the development of snack catering and the provision of low-priced meals.

Soft Drinks

The soft drinks side of our business continues to expand, and the R. White and Rawlings brands are now much in evidence in England and Wales. We have had to sell our Barking factory to the local authority but plans are now well in advance for a new production factory at Beckton.

Overseas Trading

During the year further progress has been made with the development of our export business, particularly in the United States and the West Indies. While this is most satisfactory, a note of warning must be sounded about the effect that steadily rising costs in the U.K. are having on our profitability and competitive position in these markets. A measure of rationalisation is being introduced but this can only partially counteract the effects of inflation.

Belgium remains by far Whitbread's most important market on the continent of Europe. Again we have improved our dominant position in the imported beer sector where our product range has been augmented by the introduction of Campbell's Scotch and Christmas Ales. Once again we would like to express our gratitude to all our customers in Belgium and particularly the Artois Brewery, who have supported our products so well.

During the year our trading arrangements in France which up till now had been with Société Européenne de Brasseries have been extended to include Kronenbourg, who are now in the same Group. This should provide a good base for the distribution of our products throughout France.

A number of new pubs have been opened, mostly within the Paris area, with Whitbread's financial support. This chain of pubs forms the backbone of our marketing effort in that country. In Switzerland our trading agreement with the Cardinal Group is proving a success. It is hoped that this partnership will be equally successful in developments planned on the retail side of our business.

In my report last year I spoke of an arrangement we had come to with South African Breweries. The limited nature of this agreement has not, however, produced the results we had hoped for, and we have, therefore, concluded a further agreement whereby we have sold to them our brewery interests and formed a joint company with them to market the Whitbread products. We are pleased to be able to report that we now see our way to a profitable position, although inevitably this will be modest initially.

Brickwoods

Brickwoods became an Associated Company of ours as long ago as 1959. At that time, Colonel R. A. N. Shute was Chairman, and he invited me and Mr. C. H. Tibbary to join their Board. In 1966, Mr. Tibbary became their Chairman. Later, as an addition to the original trading agreement, Brickwoods were permitted to brew Tankard, which proved a great success.

Earlier this year, talks on further co-operation gradually led to the conclusion that a complete merger would be in the best interests of both parties, provided a fair price could be negotiated. This was finally done by Kleinwort Benson and Baring Bros acting respectively as financial advisers to the two Companies, and the offer was accepted by Brickwoods' shareholders on the 14th May. I am sure Brickwoods will prove to be a great addition to our strength in the south of England, and Mr. W. D. Frost, a most able Managing Director, leads a strong team at Portsmouth.

The Future

I have decided to retire from being Chairman of the Group on December 31st of this year and will hand over, after 27 years, to Mr. F. O. A. G. Bennett, with whom I have worked for many years and for whom I have the highest regard and respect. The Board have also asked me to remain as a non-executive Director and have elected me President of the Company from that date. I leave the Management and the Chairmanship, with the greatest confidence to my successor and the Board.

We are aiming for another substantial improvement in profits for the current year and good trade in April and May gave us a promising start. However, poor weather and trade in June and severe pressure on wages and other rising costs will make the attainment of our objectives a tough assignment. I am quite sure your Board will meet the challenge with wisdom and determination, and we as shareholders are indeed fortunate to have such men to guide our destinies.

Monday, August 16	12,469	Thursday, August 12	11,775	Tuesday, August 10	11,564
Friday, August 13	11,590	Wednesday, August 11	9,947	Monday, August 9	11,827

Bargains are recorded in the Official List up to 2.15 p.m. only, but later transactions can be included in the following day's Official List. No indication is available as to whether a fully paid and stock £100 fully paid. Stock Exchange securities are quoted in pounds and fractions of pounds or in new pence and fractions of new pence.

Bristol Street, Gp. 120p 130 1	Drakes 120p 192p 88 8 90 1 2	1-J-K	Norfolk Capital Hotels 15p 33p 3 1 2
Brillat-Evaclav 110p 37 8	Dreamland Electrical Appliances 120p 33		Norgren Shipstone Intl. 25p 12p
British Aluminium 165p	Deville 15p 12 1 2		Norland Elec. Mfgs. 25p 61 80p
British-Amer. Tobacco 180p 125p 354p	Ducille 15p 45p 18 15		North Eastern Timber 12p 12p
	DZ 37 15		North Ltd. Elec. Chl. 1 5 40p 4 1
	Edstock Johnson 125p 12p 3 5 20 4		

[illegible][illegible][illegible][illegible][illegible]

C-7, 7th pchln, 30th sm 3
 C-8, 8th pchln, 30th sm 3
 C-9, 9th pchln, 30th sm 3
 C-10, 10th pchln, 30th sm 3
 C-11, 11th pchln, 30th sm 3
 C-12, 12th pchln, 30th sm 3
 C-13, 13th pchln, 30th sm 3
 C-14, 14th pchln, 30th sm 3
 C-15, 15th pchln, 30th sm 3
 C-16, 16th pchln, 30th sm 3
 C-17, 17th pchln, 30th sm 3
 C-18, 18th pchln, 30th sm 3
 C-19, 19th pchln, 30th sm 3
 C-20, 20th pchln, 30th sm 3
 C-21, 21th pchln, 30th sm 3
 C-22, 22th pchln, 30th sm 3
 C-23, 23th pchln, 30th sm 3
 C-24, 24th pchln, 30th sm 3
 C-25, 25th pchln, 30th sm 3
 C-26, 26th pchln, 30th sm 3
 C-27, 27th pchln, 30th sm 3
 C-28, 28th pchln, 30th sm 3
 C-29, 29th pchln, 30th sm 3
 C-30, 30th pchln, 30th sm 3
 C-31, 31th pchln, 30th sm 3
 C-32, 32th pchln, 30th sm 3
 C-33, 33th pchln, 30th sm 3
 C-34, 34th pchln, 30th sm 3
 C-35, 35th pchln, 30th sm 3
 C-36, 36th pchln, 30th sm 3
 C-37, 37th pchln, 30th sm 3
 C-38, 38th pchln, 30th sm 3
 C-39, 39th pchln, 30th sm 3
 C-40, 40th pchln, 30th sm 3
 C-41, 41th pchln, 30th sm 3
 C-42, 42th pchln, 30th sm 3
 C-43, 43th pchln, 30th sm 3
 C-44, 44th pchln, 30th sm 3
 C-45, 45th pchln, 30th sm 3
 C-46, 46th pchln, 30th sm 3
 C-47, 47th pchln, 30th sm 3
 C-48, 48th pchln, 30th sm 3
 C-49, 49th pchln, 30th sm 3
 C-50, 50th pchln, 30th sm 3
 C-51, 51th pchln, 30th sm 3
 C-52, 52th pchln, 30th sm 3
 C-53, 53th pchln, 30th sm 3
 C-54, 54th pchln, 30th sm 3
 C-55, 55th pchln, 30th sm 3
 C-56, 56th pchln, 30th sm 3
 C-57, 57th pchln, 30th sm 3
 C-58, 58th pchln, 30th sm 3
 C-59, 59th pchln, 30th sm 3
 C-60, 60th pchln, 30th sm 3
 C-61, 61th pchln, 30th sm 3
 C-62, 62th pchln, 30th sm 3
 C-63, 63th pchln, 30th sm 3
 C-64, 64th pchln, 30th sm 3
 C-65, 65th pchln, 30th sm 3
 C-66, 66th pchln, 30th sm 3
 C-67, 67th pchln, 30th sm 3
 C-68, 68th pchln, 30th sm 3
 C-69, 69th pchln, 30th sm 3
 C-70, 70th pchln, 30th sm 3
 C-71, 71th pchln, 30th sm 3
 C-72, 72th pchln, 30th sm 3
 C-73, 73th pchln, 30th sm 3
 C-74, 74th pchln, 30th sm 3
 C-75, 75th pchln, 30th sm 3
 C-76, 76th pchln, 30th sm 3
 C-77, 77th pchln, 30th sm 3
 C-78, 78th pchln, 30th sm 3
 C-79, 79th pchln, 30th sm 3
 C-80, 80th pchln, 30th sm 3
 C-81, 81th pchln, 30th sm 3
 C-82, 82th pchln, 30th sm 3
 C-83, 83th pchln, 30th sm 3
 C-84, 84th pchln, 30th sm 3
 C-85, 85th pchln, 30th sm 3
 C-86, 86th pchln, 30th sm 3
 C-87, 87th pchln, 30th sm 3
 C-88, 88th pchln, 30th sm 3
 C-89, 89th pchln, 30th sm 3
 C-90, 90th pchln, 30th sm 3
 C-91, 91th pchln, 30th sm 3
 C-92, 92th pchln, 30th sm 3
 C-93, 93th pchln, 30th sm 3
 C-94, 94th pchln, 30th sm 3
 C-95, 95th pchln, 30th sm 3
 C-96, 96th pchln, 30th sm 3
 C-97, 97th pchln, 30th sm 3
 C-98, 98th pchln, 30th sm 3
 C-99, 99th pchln, 30th sm 3
 C-100, 100th pchln, 30th sm 3
 C-101, 101th pchln, 30th sm 3
 C-102, 102th pchln, 30th sm 3
 C-103, 103th pchln, 30th sm 3
 C-104, 104th pchln, 30th sm 3
 C-105, 105th pchln, 30th sm 3
 C-106, 106th pchln, 30th sm 3
 C-107, 107th pchln, 30th sm 3
 C-108, 108th pchln, 30th sm 3
 C-109, 109th pchln, 30th sm 3
 C-110, 110th pchln, 30th sm 3
 C-111, 111th pchln, 30th sm 3
 C-112, 112th pchln, 30th sm 3
 C-113, 113th pchln, 30th sm 3
 C-114, 114th pchln, 30th sm 3
 C-115, 115th pchln, 30th sm 3
 C-116, 116th pchln, 30th sm 3
 C-117, 117th pchln, 30th sm 3
 C-118, 118th pchln, 30th sm 3
 C-119, 119th pchln, 30th

[illegible][illegible][illegible][illegible][illegible][illegible][illegible][illegible][illegible][illegible]

هـ - ١٠

Telephone Rentals (260) 338 5 7 3
Term-Consulate (250) 39
Tescp Stores (Hdgs.) (50) 66 76 4 08:
9:
Alliance Tst. (250) 216 17:
38:0. SpCPl. 48:0 58:
1980-85 66
Altitud Income (500) 100,
1501:247

Tiller Lamp 12501 24
 Tilling Thomas 14001 1181 19 20 191
 61 pcp, 631-0. 8: pcln. 8714 8
 Tinsmith Wm 12501 85 0. A (N.V.)
 12501 56
 Tinsmiths Higgs 11001 100 17:0 4
 Tinsmiths 12501 112 0 11 4
 Bay Hall 500: 203: 4 6 5: 3
 Berry 12501 531 0 5
 Bishopgate Prop. Gen. 174 3 2
 Bishopgate Tst. 12501 170 4
 Garden Southern 12501 170 4

2nd Pl. 56'
Travis Arnold (250) 128 30 29 5. New
128
Trenwest Silk Printers Sac Pl. 340
Trenwest 1250) 169:0 6 5 6: 74
Trenwest Gra 500

7 6.	61-pcn.	108 11	City Gracechurch Inv. Tst	125p	32			
Tulketh	Gr.	126p	8 7	9 5	City Internatl. Tst	41-pcn.	58	
Tunnel	Cement	8 150p	1830	59	City of Oxford Inv. Tst	125p	59	
Turner	Newall	151	0 1 50	99 72	Claverhouse Inv. Tst	150p	71	
Ln.	74				Consol. Tst	Dto.	125p	166
					Continental Union	7	125p	6

[illegible]

United Gas Inds. (250) 82 1 80 1 1/2 102	PacificWest Cap. Sm.	371
100cln. 781	General Com 4pcDb.	364
United Guarantee (501 71	Giltsup (1001 141	401 40 39
United Industrial (100) 161	New 1510 1 15 17	
United Transport (250) 1120 100 8	Glasgow Stockholders (250) 1241 2	
Universal Grinding (250) 9810	Glendevon (250) 101 2 11 1241	

Venesta Inter. (25p) 210 201 20	Hambro Canada 931
Vereniging Refractories (R0,50) 260	Hambros A (25p) 137: 6. Op, Q 12
Vickers 650 71:0 50 31 41 4 3, SpecM.	30
534, 91:0 1n, 96	Harcros 110p 351 5
Victoria Carpet (25p) 42	Hill (p, 125p) 170 1 691

Wadkin ISOPI 130	Kimpshire I2SPI 851
Wagon Repairs I2SPI 173 4	Lancashire Loodoo I2SPI 254
Waite, Son I18al 70	Leadhead Sterling I2SPI 43 5
Walker (J.) Goldsmith	Leda 51pcUncsd Lh, 96¢
80. N.V. I2SPI 72	London Holyrood 4pcDh, 57.1¢
	London Montrose I2SPI 125¢

Weeks Trailers 110p 21	174	Capsons 110p 143.10 50 1
Weldr Gp, 7 LocLn. 81		
Welman Eng. Con. 125p 42 1		Mercantile 125p 54.4 S. 41pcDb
West (A) 125p 37 52		41pcDb 86
West Cumberland Silk Mills 116p 121		Merchants Tst. 125p 55.4 4 41. 46
West Cumberland Silk Mills 116p 121		42 112. 42CLN 1980-95 39. 16

Wheatseal Distributors Ltd Trading (25p)	21st Century (25p) 33p
145p 6 51	(25p) 31p
White Child and Behey (25p) 44p	Orient General Inv. (16p) 31p 1 4
White (John) Footwear Hldgs. (25p) 40p	Pennell Inv. (25p) 98p 1
59p 1 40	Premier Inv. (25p) 162 p 5 4p
Wintcroft (25p) 99 p 1 91	7: p.c.n. 125p 11p

Whitcomb Lohal Automobile (5p) 8	St. Andrew Ins. (25p) 200 199
Willows France (20p) 60 58 7	Save Prosper Linked Inv. (nc) Sls 110
Wilmot-Breeden (Hlgs.) (25p) 81:0 79	110:0 90 160 10 9: 9. Cap.
8 1/2 5. 26pCPI. 450	110:0 1040 5:0 2 99 61: 100c
Wilson Bros. (20p) 28:0 8	Secore Inc. (25p) 64:
Wilson Bros. (20p) 28:0 8	Scientific Elec. Inds. (25p) 65:

Woolworth (F. W.) 125p; 70¢ 5½ 5 0 ½
 4½ 4
 Worth (Bond) Hldgs. 125p; 52½ 4 4 5
 3½ 5½
 Worthington (A. J.) Hldgs. 15p; 18 17½
 16 17½
 Scotch Tea Rubber Tst. 125p; 32½ 8
 87½ 8
 Scottish Western Inv. 125p; 100
 Second Alliance Tst. 125p; 178
 Second British Assn Tst. 125p; 249½
 249½

ELEC. LIGHTING & POWER (3)

Charterhouse (25p)	711; 2; 70%; 7pcln.	United Commercial	(25p)	121; 20; 81
105p; 16pcla. 1054		Cnv.Uns.Ln. 1054		5; 6; 3
Compendio Secs. (10p)	571;	United Kingdom	Overseas (25p)	
Daily Mail General	500. A 490;	6pCPI. 68		
Dagblt 1860 1p	8; 5 6 4 1;	U.S. General Tst. Cpn. 125p	152;	
Stampet Atten 1p	8; 5 6 4 1;	United States Post	35p; 22p	

Jessel Secs. (250) 2620 80 50 6 5 3 7 4.
 Warrants to Sub. 120m 180 17: 18.
 Delft (250) 1620 60 58
 Johnson Grs. Cleaners 54pcDbs. 64s
 Knifon (100) 70
 Law Debenture Con. (250) 174
 79

IRON, COAL & STEEL (H)
 Babcock Wilcox 280. 4pcPf. 34.
 Balfour Darwins (500) 750 5 7. 60
 79

4444 Secs. 1100p 58¢
 River Mercantile (25p) 166-0 7¢ 6;
 Scottish Australian (40p) 2p
 Sunwest Hldgs. (50p) 40 59;
 Third Mile Inv. (25p) 71-
 Urd. Dominica (50p) 10-
 Head Wrlon (can) (25p) 56
 Lee (A.) (Invs.) 112p 24
 Lloyd F. H. Hides. (25p) 81 80-
 L. 88;
 Neepend Steel Tool Can (25p) 11-
 10-

INSURANCE (311)
Blackburn 8200 300
Bowering 1C 7.1 (250) 4600 500 8 00
57. 5pLm 121: 2 5
Britannic (18) 103: 5 5
Gold Mines Kalgardile (SA11) 25
Grout Boulder (SAO.10) 850 3
Hampton (50) 115 10;
Hampton Properties (Sp1 26 3;
ON.

20: 6 9 91 88 7 5 90 86:
70: 70. 8acsub.Dbc. rSU51001 92
Ayer Hifam Tin Oreds. 25a: 86
General Tin Wolfram 25oi 189
190:
Chatter Consolid Reg. 125o 25fo 4
50: 2 3 2
Hame-ow New 242a 5 7cpi. 75: o 5:

1952-53 121800 50
 1953-54 105500 50
 1954-55 111000 50
 1955-56 111000 50
 1956-57 111000 50
 1957-58 111000 50
 1958-59 111000 50
 1959-60 111000 50
 1960-61 111000 50
 1961-62 111000 50
 1962-63 111000 50
 1963-64 111000 50
 1964-65 111000 50
 1965-66 111000 50
 1966-67 111000 50
 1967-68 111000 50
 1968-69 111000 50
 1969-70 111000 50
 1970-71 111000 50
 1971-72 111000 50
 1972-73 111000 50
 1973-74 111000 50
 1974-75 111000 50
 1975-76 111000 50
 1976-77 111000 50
 1977-78 111000 50
 1978-79 111000 50
 1979-80 111000 50
 1980-81 111000 50
 1981-82 111000 50
 1982-83 111000 50
 1983-84 111000 50
 1984-85 111000 50
 1985-86 111000 50
 1986-87 111000 50
 1987-88 111000 50
 1988-89 111000 50
 1989-90 111000 50
 1990-91 111000 50
 1991-92 111000 50
 1992-93 111000 50
 1993-94 111000 50
 1994-95 111000 50
 1995-96 111000 50
 1996-97 111000 50
 1997-98 111000 50
 1998-99 111000 50
 1999-00 111000 50
 2000-01 111000 50
 2001-02 111000 50
 2002-03 111000 50
 2003-04 111000 50
 2004-05 111000 50
 2005-06 111000 50
 2006-07 111000 50
 2007-08 111000 50
 2008-09 111000 50
 2009-10 111000 50
 2010-11 111000 50
 2011-12 111000 50
 2012-13 111000 50
 2013-14 111000 50
 2014-15 111000 50
 2015-16 111000 50
 2016-17 111000 50
 2017-18 111000 50
 2018-19 111000 50
 2019-20 111000 50
 2020-21 111000 50
 2021-22 111000 50
 2022-23 111000 50
 2023-24 111000 50
 2024-25 111000 50
 2025-26 111000 50
 2026-27 111000 50
 2027-28 111000 50
 2028-29 111000 50
 2029-30 111000 50
 2030-31 111000 50
 2031-32 111000 50
 2032-33 111000 50
 2033-34 111000 50
 2034-35 111000 50
 2035-36 111000 50
 2036-37 111000 50
 2037-38 111000 50
 2038-39 111000 50
 2039-40 111000 50
 2040-41 111000 50
 2041-42 111000 50
 2042-43 111000 50
 2043-44 111000 50
 2044-45 111000 50
 2045-46 111000 50
 2046-47 111000 50
 2047-48 111000 50
 2048-49 111000 50
 2049-50 111000 50
 2050-51 111000 50
 2051-52 111000 50
 2052-53 111000 50
 2053-54 111000 50
 2054-55 111000 50
 2055-56 111000 50
 2056-57 111000 50
 2057-58 111000 50
 2058-59 111000 50
 2059-60 111000 50
 2060-61 111000 50
 2061-62 111000 50
 2062-63 111000 50
 2063-64 111000 50
 2064-65 111000 50
 2065-66 111000 50
 2066-67 111000 50
 2067-68 111000 50
 2068-69 111000 50
 2069-70 111000 50
 2070-71 111000 50
 2071-72 111000 50
 2072-73 111000 50
 2073-74 111000 50
 2074-75 111000 50
 2075-76 111000 50
 2076-77 111000 50
 2077-78 111000 50
 2078-79 111000 50
 2079-80 111000 50
 2080-81 111000 50
 2081-82 111000 50
 2082-83 111000 50
 2083-84 111000 50
 2084-85 111000 50
 2085-86 111000 50
 2086-87 111000 50
 2087-88 111000 50
 2088-89 111000 50
 2089-90 111000 50
 2090-91 111000 50
 2091-92 111000 50
 2092-93 111000 50
 2093-94 111000 50
 2094-95 111000 50
 2095-96 111000 50
 2096-97 111000 50
 2097-98 111000 50
 2098-99 111000 50
 2099-00 111000 50
 2100-01 111000 50
 2101-02 111000 50
 2102-03 111000 50
 2103-04 111000 50
 2104-05 111000 50
 2105-06 111000 50
 2106-07 111000 50
 2107-08 111000 50
 2108-09 111000 50
 2109-10 111000 50
 2110-11 111000 50
 2111-12 111000 50
 2112-13 111000 50
 2113-14 111000 50
 2114-15 111000 50
 2115-16 111000 50
 2116-17 111000 50
 2117-18 111000 50
 2118-19 111000 50
 2119-20 111000 50
 2120-21 111000 50
 2121-22 111000 50
 2122-23 111000 50
 2123-24 111000 50
 2124-25 111000 50
 2125-26 111000 50
 2126-27 111000 50
 2127-28 111000 50
 2128-29 111000 50
 2129-30 111000 50
 2130-31 111000 50
 2131-32 111000 50
 2132-33 111000 50
 2133-34 111000 50
 2134-35 111000 50
 2135-36 111000 50
 2136-37 111000 50
 2137-38 111000 50

[illegible]

F.T.—ACTUARIES SHARE INDICES

These indices are the joint compilation of The Financial Times, The Institute of Actuaries and the Faculty of Actuaries in Edinburgh

EQUITY GROUPS		Monday, August 16, 1971		Friday August 13		Thursday August 12		Wednesday August 11		Tuesday August 10		Monday August 9		Year ago (approx)		High and Low Index	
GROUPS & SUB-SECTIONS		Index No.	Day's Change	Index No.	Day's Change	Index No.	Day's Change	Index No.	Day's Change	Index No.	Day's Change	Index No.	Day's Change	Index No.	Day's Change	High	Low
CAPITAL GOODS GROUP (184)		155.09	-0.0	155.09	-0.0	155.09	-0.0	155.09	-0.0	155.09	-0.0	155.09	-0.0	155.09	-0.0	155.09	155.09
Aircraft and Components (3)		113.88	-8.1	113.88	-8.1	113.88	-8.1	113.88	-8.1	113.88	-8.1	113.88	-8.1	113.88	-8.1	113.88	113.88
Building Materials (29)		105.41	-0.8	105.41	-0.8	105.41	-0.8	105.41	-0.8	105.41	-0.8	105.41	-0.8	105.41	-0.8	105.41	105.41
Contracting and Construction (19)		224.70	-0.7	224.70	-0.7	224.70	-0.7	224.70	-0.7	224.70	-0.7	224.70	-0.7	224.70	-0.7	224.70	224.70
Electric (ex. Electric, Rad. & TV) (13)		274.70	+0.2	274.70	+0.2	274.70	+0.2	274.70	+0.2	274.70	+0.2	274.70	+0.2	274.70	+0.2	274.70	274.70
Engineering (80)		144.39	-0.6	144.39	-0.6	144.39	-0.6	144.39	-0.6	144.39	-0.6	144.39	-0.6	144.39	-0.6	144.39	144.39
Machine Tools (15)		66.92	-2.0	66.92	-2.0	66.92	-2.0	66.92	-2.0	66.92	-2.0	66.92	-2.0	66.92	-2.0	66.92	66.92
Miscellaneous (25)		129.32	-0.4	129.32	-0.4	129.32	-0.4	129.32	-0.4	129.32	-0.4	129.32	-0.4	129.32	-0.4	129.32	129.32
CONSUMER GOODS (DURABLE) GROUP (56)		170.49	-0.8	170.49	-0.8	170.49	-0.8	170.49	-0.8	170.49	-0.8	170.49	-0.8	170.49	-0.8	170.49	170.49
Electronics, Radio and TV (14)		190.13	-0.6	190.13	-0.6	190.13	-0.6	190.13	-0.6	190.13	-0.6	190.13	-0.6	190.13	-0.6	190.13	190.13
Household Goods (15)		186.71	-0.5	186.71	-0.5	186.71	-0.5	186.71	-0.5	186.71	-0.5	186.71	-0.5	186.71	-0.5	186.71	186.71
Motors and Distributors (27)		110.90	-1.0	110.90	-1.0	110.90	-1.0	110.90	-1.0	110.90	-1.0	110.90	-1.0	110.90	-1.0	110.90	110.90
CONSUMER GOODS (NON-DURABLE) GROUP (175)		161.35	-1.1	161.35	-1.1	161.35	-1.1	161.35	-1.1	161.35	-1.1	161.35	-1.1	161.35	-1.1	161.35	161.35
Beverages (21)		185.03	-1.8	185.03	-1.8	185.03	-1.8	185.03	-1.8	185.03	-1.8	185.03	-1.8	185.03	-1.8	185.03	185.03
Wines and Spirits (7)		189.04	-4.1	189.04	-4.1	189.04	-4.1	189.04	-4.1	189.04	-4.1	189.04	-4.1	189.04	-4.1	189.04	189.04
Entertainment and Catering (15)		200.48	-0.6	200.48	-0.6	200.48	-0.6	200.48	-0.6	200.48	-0.6	200.48	-0.6	200.48	-0.6	200.48	200.48
Food Manufacturing (24)		144.01	+0.1	144.01	+0.1	144.01	+0.1	144.01	+0.1	144.01	+0.1	144.01	+0.1	144.01	+0.1	144.01	144.01
Food Retailing (17)		142.50	-0.1	142.50	-0.1	142.50	-0.1	142.50	-0.1	142.50	-0.1	142.50	-0.1	142.50	-0.1	142.50	142.50
Newspapers and Publishing (15)		141.27	-0.1	141.27	-0.1	141.27	-0.1	141.27	-0.1	141.27	-0.1	141.27	-0.1	141.27	-0.1	141.27	141.27
Packaging and Paper (16)		115.76	-0.8	115.76	-0.8	115.76	-0.8	115.76	-0.8	115.76	-0.8	115.76	-0.8	115.76	-0.8	115.76	115.76
Stores (30)		169.94	-0.8	169.94	-0.8	169.94	-0.8	169.94	-0.8	169.94	-0.8	169.94	-0.8	169.94	-0.8	169.94	169.94
Textiles (21)		171.85	-1.0	171.85	-1.0	171.85	-1.0	171.85	-1.0	171.85	-1.0	171.85	-1.0	171.85	-1.0	171.85	171.85
Tobacco (3)		236.04	-2.5	236.04	-2.5	236.04	-2.5	236.04	-2.5	236.04	-2.5	236.04	-2.5	236.04	-2.5	236.04	236.04
Toys and Games (6)		50.34	-1.7	50.34	-1.7	50.34	-1.7	50.34	-1.7	50.34	-1.7	50.34	-1.7	50.34	-1.7	50.34	50.34
OTHER GROUPS																	
Chemicals (19)		189.66	-1.1	189.66	-1.1	189.66	-1.1	189.66	-1.1	189.66	-1.1	189.66	-1.1	189.66	-1.1	189.66	189.66
Office Equipment (10)		204.08	+3.8	204.08	+3.8	204.08	+3.8	204.08	+3.8	204.08	+3.8	204.08	+3.8	204.08	+3.8	204.08	204.08
Shipping (10)		118.67	-0.5	118.67	-0.5	118.67	-0.5	118.67	-0.5	118.67	-0.5	118.67	-0.5	118.67	-0.5	118.67	118.67
Miscellaneous (unclassified) (44)		180.77	-1.9	180.77	-1.9	180.77	-1.9	180.77	-1.9	180.77	-1.9	180.77	-1.9	180.77	-1.9	180.77	180.77
INDUSTRIAL GROUP (498 SHARES)		107.56	-0.8	107.56	-0.8	107.56	-0.8	107.56	-0.8	107.56	-0.8	107.56	-0.8	107.56	-0.8	107.56	107.56
Oil (2)		354.49	-0.5	354.49	-0.5	354.49	-0.5	354.49	-0.5	354.49	-0.5	354.49	-0.5	354.49	-0.5	354.49	354.49
500 SHARE INDEX		183.08	-0.8	183.08	-0.8	183.08	-0.8	183.08	-0.8	183.08	-0.8	183.08	-0.8	183.08	-0.8	183.08	183.08
FINANCIAL GROUP (121)		172.49	-0.6	172.49	-0.6	172.49	-0.6	172.49	-0.6	172.49	-0.6	172.49	-0.6	172.49	-0.6	172.49	172.49
Banks (8)		183.83	-1.4	183.83	-1.4	183.83	-1.4	183.83	-1.4	183.83	-1.4	183.83	-1.4	183.83	-1.4	183.83	183.83
Discount Houses (6)		174.07	-0.1	174.07	-0.1	174.07	-0.1	174.07	-0.1	174.07	-0.1	174.07	-0.1	174.07	-0.1	174.07	174.07
Hire Purchase (6)		259.02	-0.4	259.02	-0.4	259.02	-0.4	259.02	-0.4	259.02	-0.4	259.02	-0.4	259.02	-0.4	259.02	259.02
Insurance (Life) (9)		183.97	+0.8	183.97	+0.8	183.97	+0.8	183.97	+0.8	183.97	+0.8	183.97	+0.8	183.97	+0.8	183.97	183.97
Insurance (Composite) (9)		151.85	-0.5	151.85	-0.5	151.85	-0.5	151.85	-0.5	151.85	-0.5	151.85	-0.5	151.85	-0.5	151.85	151.85
Insurance (Brokers) (10)		172.95	-0.7	172.95	-0.7	172.95	-0.7	172.95	-0.7	172.95	-0.7	172.95	-0.7	172.95	-0.7	172.95	172.95
Investment Trusts (20)		195.61	-0.9	195.61	-0.9	195.61	-0.9	195.61	-0.9	195.61	-0.9	195.61	-0.9	195.61	-0.9	195.61	195.61
Merchant Banks, Issuing Houses (15)		170.86	+0.1	170.86	+0.1	170.86	+0.1	170.86	+0.1	170.86	+0.1	170.86	+0.1	170.86	+0.1	170.86	170.86
Property (31)		291.16	+0.5	291.16	+0.5	291.16	+0.5	291.16	+0.5	291.16	+0.5	291.16	+0.5	291.16	+0.5	291.16	291.16
Miscellaneous (9)		171.41	-0.9	171.41	-0.9	171.41	-0.9	171.41	-0.9	171.41	-0.9	171.41	-0.9	171.41	-0.9	171.41	171.41
ALL-SHARE INDEX (621 SHARES)		180.98	-0.7	180.98	-0.7	180.98	-0.7	180.98	-0.7	180.98	-0.7	180.98	-0.7	180.98	-0.7	180.98	180.98
COMMODITY SHARE GROUPS																	
(Not included in the 500 or All-Share indices)																	
Rubbers (10)		223.91	-1.8	223.91	-1.8	223.91	-1.8	223.91	-1.8	223.91	-1.8	223.91	-1.8	223.91	-1.8	223.91	223.91
Teas (10)		89.74	-0.1	89.74	-0.1	89.74	-0.1	89.74	-0.1	89.74	-0.1	89.74	-0.1	89.74	-0.1	89.74	89.74
Coppers (4)		329.15	+0.5	329.15	+0.5	329.15	+0.5	329.15	+0.5	329.15	+0.5	329.15	+0.5	329.15	+0.5	329.15	329.15
Mining Finance (11)		102.91	-0.1	102.91	-0.1	102.91	-0.1	102.91	-0.1	102.91	-0.1	102.91	-0.1	102.91	-0.1	102.91	102.91
Tins (51)		72.44	+0.4	72.44	+0.4	72.44	+0.4	72.44	+0.4	72.44	+0.4	72.44	+0.4	72.44	+0.4	72.44	72.44

FIXED INTEREST		Monday, August 16, 1971		Friday August 13		Thursday August 12		Wednesday August 11		Tuesday August 10		Monday August 9		Year ago (approx)		High and Low Index	
Consols 2½ yield		Index No.	Day's Change	Index No.	Day's Change	Index No.	Day's Change	Index No.	Day's Change	Index No.	Day's Change	Index No.	Day's Change	Index No.	Day's Change	High	Low
20-yr. Govt. Stocks (6)		79.55	-0.1	79.55	-0.1	79.55	-0.1	79.55	-0.1	79.55	-0.1	79.55	-0.1	79.55	-0.1	79.55	79.55
20-yr. Red. Debentures & Loans (15)		79.94	-0.2	79.94	-0.2	79.94	-0.2	79.94	-0.2	79.94	-0.2	79.94	-0.2	79.94	-0.2	79.94	79.94
Investment Trusts Pref. (15)		89.95	-0.2	89.95	-0.2	89.95	-0.2	89.95	-0.2	89.95	-0.2	89.95	-0.2	89.95	-0.2	89.95	89.95
Commercial and Indust. Pref. (20)		74.15	-0.1	74.15	-0.1	74.15	-0.1	74.15	-0.1	74.15	-0.1	74.15	-0.1	74.15	-0.1	74.15	74.15
Other Group																	
Manufacturing		29/12/67	114.13														
Retailing		29/12/67	114.13														
Finance Brokers		29/12/67	96.67														
Finance		29/12/67	100.00														
Wines and Spirits		16/1/70	144.76														
Games and Games		16/1/70	182.74														
Equipment		16/1/70	162.74														
Industrial Group		31/12/70	128.20														

<p>Trade Transport (121) 84 21</p> <p>Yin Mines (25) 213</p> <p>Yin</p>

هـ: اَمِنْ الْخَصْلِ

TEAS—Continued
Ceylon—

12345678910111213141516171819202122232425262728293031323334353637383940414243444546474849505152535455565758596061626364656667686970717273747576777879808182838485868788899091929394959697989910010110210310410510610710810911011111211311411511611711811912012112212312412512612712812913013113213313413513613713813914014114214314414514614714814915015115215315415515615715815916016116216316416516616716816917017117217317417517617717817918018118218318418518618718818919019119219319419519619719819920020120220320420520620720820921021121221321421521621721821922022122222322422522622722822923023123223323423523623723823924024124224324424524624724824925025125225325425525625725825926026126226326426526626726826927027127227327427527627727827928028128228328428528628728828929029129229329429529629729829930030130230330430530630730830931031131231331431531631731831932032132232332432532632732832933033133233333433533633733833934034134234334434534634734834935035135235335435535635735835936036136236336436536636736836937037137237337437537637737837938038138238338438538638738838939039139239339439539639739839940040140240340440540640740840941041141241341441541641741841942042142242342442542642742842943043143243343443543643743843944044144244344444544644744844945045145245345445545645745845946046146246346446546646746846947047147247347447547647747847948048148248348448548648748848949049149249349449549649749849950050150250350450550650750850951051151251351451551651751851952052152252352452552652752852953053153253353453553653753853954054154254354454554654754854955055155255355455555655755855956056156256356456556656756856957057157257357457557657757857958058158258358458558658758858959059159259359459559659759859960060160260360460560660760860961061161261361461561661761861962062162262362462562662762862963063163263363463563663763863964064164264364464564664764864965065165265365465565665765865966066166266366466566666766866967067167267367467567667767867968068168268368468568668768868969069169269369469569669769869970070170270370470570670770870971071171271371471571671771871972072172272372472572672772872973073173273373473573673773873974074174274374474574674774874975075175275375475575675775875976076176276376476576676776876977077177277377477577677777877978078178278378478578678778878979079179279379479579679779879980080180280380480580680780880981081181281381481581681781881982082182282382482582682782882983083183283383483583683783883984084184284384484584684784884985085185285385485585685785885986086186286386486586686786886987087187287387487587687787887988088188288388488588688788888989089189289389489589689789889990090190290390490590690790890991091191291391491591691791891992092192292392492592692792892993093193293393493593693793893994094194294394494594694794894995095195295395495595695795895996096196296396496596696796896997097197297397497597697797897998098198298398498598698798898999099199299399499599699799899910001001100210031004100510061007100810091010101110121013101410151016101710181019102010211022102310241025102610271028102910301031103210331034103510361037103810391040104110421043104410451046104710481049105010511052105310541055105610571058105910601061106210631064106510661067106810691070107110721073107410751076107710781079108010811082108310841085108610871088108910901091109210931094109510961097109810991100110111021103110411051106110711081109111011111112111311141115111611171118111911201121112211231124112511261127112811291130113111321133113411351136113711381139114011411142114311441145114611471148114911501151115211531154115511561157115811591160116111621163116411651166116711681169117011711172117311741175117611771178117911801181118211831184118511861187118811891190119111921193119411951196119711981199120012011202120312041205120612071208120912101211121212131214121512161217121812191220122112221223122412251226122712281229123012311232123312341235123612371238123912401241124212431244124512461247124812491250125112521253125412551256125712581259126012611262126312641265126612671268126912701271127212731274127512761277127812791280128112821283128412851286128712881289129012911292129312941295129612971298129913001

STEEL

PERSONAL STEEL SERVICE
FROM ALL GKN STEEL
STOCKHOLDING COMPANIES

Lombard

It has happened before

BY JOE ROGALY

ANYONE who is not blessed with a feeling of confidence that the collective wisdom of the economists of the Western World will resolve the present financial situation might take heart from what happened the last time the Americans dislocated the dollar from gold. That was, of course, in 1933, in the middle of President Roosevelt's historic One Hundred Days. One of his first acts on coming to office was to prohibit the export or hoarding of gold. "As long as nobody says we are off the gold standard, that is all right," he told his Press conference, "because nobody knows what the gold standard really is."

A few weeks later Ramsay MacDonald set off for Washington in hopes of pulling off a coup by arranging for the renewed stabilisation of exchange rates (which were at the time generally in a state of considerable uncertainty). Roosevelt snatched the rug from beneath his feet by announcing, while the British Prime Minister was still in mid-Atlantic, that America would henceforth be on the gold standard. Three of Roosevelt's advisers, having failed to talk the President out of this abandonment, sat up half the night in a Washington hotel room lamenting the decision. In the end, one of them, Lewis Douglas, proclaimed: "This is the end of Western civilisation."

"Mob rule"

This account, which appears in "The Coming of the New Deal" by Arthur Schlesinger, gives part of the flavour of the confusion, conflicting advice, and sheer panic that seems to have embittered international economic relationships during those Depression years. Bernard Baruch, Schlesinger records, said of the departure from gold: "It can't be defended except as mob rule. Maybe the country doesn't know it yet, but I think we are in a revolution more drastic than the French revolution." In fact, all that did happen was that Roosevelt undertook to allow one or two other economic experiments (such as the purchase of gold in an attempt to raise commodity prices and the adoption of a silver subsidy within the American system) and in January 1934 officially devalued the dollar and set the official price of gold at \$35 to which President Nixon says he is still wedded.

The slow economic recovery of the ensuing years may or may not have been the result of these several expedients: there really is no telling. Keynes, praised for his foresight in the 1933 London conference on exchange rates with a single "bombshell" message (the economist dubbed the President "magnificently right"), but it is doubtful whether that conference ever could have reconciled the differences between the nations anyway. The most that can be said of those years is that out of them there developed a faith in Keynesian methods, and a belief that economic growth and full employment could be successfully pursued as sane economic objectives.

Bretton Woods

It is also fair to the economists as well as to the politicians to say that the mistakes of the thirties were redeemed as a result of the general post-war determination to prevent a similar economic tragedy from happening again. The result was the Bretton Woods conference, the GATT, and the system of exchange rate adjustments that has lasted for a quarter of a century. To the past few years, however, it has developed into a system of reconciliation by crisis, but even so it has served the West well enough. Now President Nixon has brought the system to an end.

The fundamental reason for this is probably that the intellectual and theoretical foundations upon which the Bretton Woods structure was erected are no longer felt to be solid.

No faith

This time there is no faith and no general belief in anything in particular. Last time, the overriding objective was to increase prices and provide jobs, and then to stabilise currencies; this time the problem is inflation combined with unemployment. The cure that seems to make the most sense is a search for a workable incomes policy which is derived by classical economists who are nevertheless slow to produce better solutions of their own.

Before serious progress towards it can be made some sort of consensus on trading policy will have to be arrived at. In the Roosevelt years the Americans negotiated new bilateral trading agreements; in the post-war years was the Kennedy Round. If the result of Mr. Nixon's new bombshell is another round of this kind some of the doubts will be dispelled. C. Gordon Tether is on holiday.

THE LEX COLUMN

First chapter of confusion

The market's snap reaction to the Nixon speech was that it would be had for U.K. trade with the U.S. and that reaction appeared to rule through to the afternoon, for a 2½ point index rise after the 2.45 p.m. low point (a 3.8 drop) looked like a simple reflex action to Wall Street's lightning jump.

The market did not appear to have reflected the likely counter reaction, which is that since only 12 per cent of the U.K.'s overall exports are to the U.S., and since it is generally thought that any further realignment of world currency parities would leave sterling at a lower valuation on balance, the U.K. might stand to gain from the inevitable repercussions. In fact the situation is complex, for countries with floating exchange rates which could be said to be rationally priced in relation to the U.S. dollar take about 15 per cent of U.K. exports and the sterling area another 27 per cent.

Looking further ahead it

seems likely that the headaches posed by the U.S. 10 per cent import surcharge will give stock markets outside the U.S. a worrisome time for some while. The countries worst hit are Canada, 69 per cent of whose exports go to the U.S. and Japan (30 per cent), though the latter at least has the advantage of a falsely undervalued exchange rate. Germany sends rather less than 12 per cent of its exports to the U.S., but the global picture will be little comfort to a group like Volkswagen which will have seen an effective shift of well over 25 per cent against its competitive position in the U.S. market relative to 1963.

In currency terms, British Leyland has of course fared much better, though the import surcharge will have the same adverse effect as on VW. The stock market was quick enough to mark back the other major sufferers in the like of BSR, which ended well off the bottom for a 19p loss at 344p, and Distillers, off 6p at the close at 151p.

For BSR, price has always been an important selling point, but it is obviously not a key factor for DCL not perhaps for the general run of British goods which are much in demand in the U.S.

As for the papermakers, the 10 per cent surcharge does not seem to apply to standard newsprint and lumber; lightweight and coated papers, where it will apply, are of no interest to Reed and insignificant, apparently, for Bowater. November's newsprint price increase will have to be deferred for a month or two, but the crux for both groups is whether the Canadian currency retains its present relationship to the U.S. dollar, remembering that the bulk of output is sold in terms of U.S. dollars and that one cent variation was said to be costing Reed some \$350,000 a year in lost revenue for each of its two major interests.

Elsewhere, industries such as the pottery manufacturers can at least hope that a serious blow is softened by the fact that

Japan is widely seen as the major competitive force. The U.K. motor cycle industry has, of course, its own special problems.

As for the overall equity market, it will probably quickly realise that strength on Wall Street, so far from being a source of comfort, is rather a symbol of the likely cost to the world of this new protectionist move—a cost brought on itself, some would argue.

Bid battles

At one stage yesterday it looked as if Grand Metropolitan had finally "won" the day in the Truman bid battle, with the latest Watney terms turned down by a 5 to 4 majority on the Truman Board and the latter's support for the GM bid reinstated. But the minority of four pulls plenty of weight—with the Buxton family holdings, perhaps 8 to 10 per cent of the Truman equity—and it has decided to throw it around. They have joined the Watney camp, bringing Watney's stake

from a touch under 30 per cent, of Truman to a potential nearer 40 per cent, and the Watney bid is beefed up slightly to bring it into the 465p-470p range against Grand Met's 443p, backed by an 18 per cent direct shareholding and the support of Whitbread's near-11 per cent.

If the stakes on either side were not so high already, Grand Met. could quite easily argue that the price differential is irrelevant. But as things stand, there seem to be two main alternatives: either another GM bid to tempt out the big institutional blocks which are left, or a withdrawal with some semblance of dignity. The second alternative must be what existing GM shareholders are praying for.

Over in the other main arena, Cavenham's market purchase of nearly 12 per cent of Bovril yesterday, bringing its total holding up to 34.67 per cent, may be seen as the decisive action in its contest with Rowntree. However, the main comment yesterday was made,

implicitly, by the shareholders who sold out. Cavenham's paper bid at 483p a share, partly underwritten or not, is apparently seen as no substitute for cash, now, at 474p.

See also Page 19

Whitbread

A month ago, Whitbread produced an excellent set of 1970-71 results, but dampened things a little by talk of bad weather in June after a strong April-May. What it did not say then, in print, was that this should be read in the context of another substantial rise in profits. That should underpin the shares' recent relative strength, with the p/e up from 16.3 to 17.7 since the results; on top of that, there has been a satisfying attention to balance-sheet detail, with the net overdraft down from £13m. to £4m. last year. It may be that the remaining discount, against the brewery majors, will be eroded further.

See also Page 19

Ulster: Heath cool on bid to recall Parliament

BY RICHARD EVANS, LOBBY CORRESPONDENT

THE PRIME MINISTER last night reacted coolly to Mr. Harold Wilson's request for a recall of Parliament to discuss the Ulster crisis but said that he would keep the possibility of recall closely in mind.

The Opposition leader had asked for Parliament to be recalled for two days the week after next, but in a letter issued from 10 Downing Street, last night, Mr. Heath said it was not easy to tell how the situation would develop in Northern Ireland over the next fortnight.

Until now, Labour leaders have not been keen to seek the recall of Parliament because they privately agreed with Ministers that little could be achieved. But two developments appear to have made them change their minds.

First, more than 100 Labour MPs have now signed the direct appeal to Mr. Wilson to demand the recall and second, there are signs that the Opposition is becoming much more critical of the Government's handling of the crisis, particularly the introduction of internment.

A debate would give Labour leaders the opportunity not only

to seek the latest information on the success of the internment operation, but also to press Ministers on the more long-term political proposals they will have to put forward if the situation is to improve.

The decision to seek the recall in the week after the Bank Holiday taken in the hope that the situation would come under greater control following the Army's tough counter measures against terrorism and that the debate could take place in a calmer atmosphere.

Mr. Wilson made his request by telephone from his holiday home in the Scillies after consultations with Mr. James Callaghan, Mr. Home Secretary, and Mr. Douglas Houghton, chairman of the Parliamentary Labour Party. Both agreed that it was essential to have a Commons debate on Ulster before the planned return of Parliament on October 13.

The Opposition leader is due to return to London next week to fulfil a long-standing engagement and is expected to request a meeting with the Prime Minister to discuss the Ulster situation.

It was announced yesterday that Mr. Brian Faulkner, the Ulster Premier, will fly to London to-morrow for talks at Chequers on Thursday with Mr. Heath and Mr. Reginald Maudling, Home Secretary, who will fly back from Majorca where he has been on holiday with his family since Saturday.

The meeting, which will be essentially a wide-ranging assessment of the situation in Northern Ireland, will take place two weeks after the Government's decision to intern terrorists suspects, and clearly the success of the internment operation will be a major topic for discussion.

Another subject will almost certainly be the statement last week by Mr. Jack Lynch, Premier of the Irish Republic, calling for the abolition of Stormont and its replacement by a much more broadly based administration.

One of Mr. Heath's objectives will be to try to calm the anger between the two Irish Prime Ministers that followed Mr. Lynch's statement, so that he is able to take a political initiative which considers the time is opportune.

Army maintains uneasy calm

BY ARTHUR SANDLES

BELFAST, August 16.

MR. FAULKNER flies to London on Wednesday in the knowledge that the Army holds Northern Ireland in uneasy calm—but that the one-day strike in London-derry pretty well closed business there today.

There is little doubt that Mr. Faulkner will try to stamp very firmly on any idea of tripartite talks involving Mr. Lynch. Such talks, many here as impractical. This is because the gap between Stormont and Dublin is now vast, and also Mr. Faulkner certainly would not politically survive the Protestant backlash that would follow any talks.

The Army, meanwhile, fights a war of words and is continuing under repeated attack for "brutality." Brigadier Marston Tickell, its chief spokesman, said accusations are being investigated, while strenuously denying the allegations. It would seem improbable that 12,000 troops do not have one or two "baddies" among them, but

some of the stories circulating involve incidents of extreme violence.

In answer to IRA claims the Army to-day gave slightly more detail about the 250 men held under the Special Powers Act. According to Brigadier Tickell more than 80 of them are IRA officers and more than that number are rank and file volunteers. No further arrests have been made since last week.

The one-day strike in London-derry was almost completely effective but it appears that intimidation played a big part in its success. Several shopkeepers who at first kept their doors open received telephone calls which forced them to close. Only 20 per cent of local postmen turned up for work, and derry docks were badly hit as most of the work force is Catholic.

Whether or not the longer-term civil disobedience campaign

involving the non-payment of rent and rates will be similarly effective remains to be seen.

Stormont's view at the moment is that normal court proceedings will take care of the matter. So far at least the response seems to be modest.

Once more it has been a comparatively quiet day throughout Northern Ireland. There was some rioting in Londonderry which resulted in the Army using CS gas. There was a fairly large fire in Belfast.

IRA 'government'

The IRA Provisionals (the militant wing) has drawn up plans for its own Northern Ireland Parliament and has formed a shadow "government." The "government" will, of course, meet in hiding, but some members have been named. In fact, there is a promise that ministers will meet the Press in about two weeks' time.

Dublin expects British initiative

BY DOMINICK J. COYLE

DUBLIN, August 16.

THE NEWS that Mr. Faulkner is to visit Mr. Heath at Chequers on Wednesday, coupled with the suggestion by Mr. Wilson that Parliament be recalled to debate the Ulster situation, is interpreted in official circles here as an indication that the British Government may be considering an early political initiative in the North.

Ministers also note with satisfaction that Mr. Callaghan, the "shadow" Home Secretary, is maintaining his pressure for tripartite talks at Prime Minister level. However, it is conceded that Dr. P. J. Hillery, Irish Minister for Foreign Affairs, did not have a complete meeting in London on future policy when he had talks last week in London with Mr. Callaghan.

Set on course

The Government here remains set on its course that "Stormont must go." Ministers directly involved with Northern Ireland policy insist that it is now not a question of modifying the existing system but the complete abolition of Stormont in its present form and its replacement by a new pattern of government.

There are certainly no signs that the Government is reconsidering its policy of actively supporting the Opposition MPs and Senators in their protest campaign to the north that some agreed alternative will eventually have to be found.

It is accepted that Stormont may well react to the non-payment of rents and rates by withholding social welfare and other government payments to the people concerned. It is claimed here, this would immediately lead to a further escalation of the civil protests.

Opposition leaders in the North are known to be in regular contact with the Government in Dublin regarding the organisation of the civil disobedience campaign, but the Government has given no public indication of precisely how it is backing the programme, other than by moral support.

It is claimed here that one of the objectives of the Lynch

Government is enthusiastically backing the Northern Opposition MPs and Senators in their protest campaign to the north that some agreed alternative will eventually have to be found.

It is accepted that Stormont may well react to the non-payment of rents and rates by withholding social welfare and other government payments to the people concerned. It is claimed here, this would immediately lead to a further escalation of the civil protests.

Opposition leaders in the North are known to be in regular contact with the Government in Dublin regarding the organisation of the civil disobedience campaign, but the Government has given no public indication of precisely how it is backing the programme, other than by moral support.

It is claimed here that one of the objectives of the Lynch

£15m. rail electrification plan "imminent"

FINANCIAL TIMES REPORTER

A FAVOURABLE Government decision on British Rail's long-standing plans for the electrification of its Great Northern section from King's Cross to Hitchin and Royston, and Hertford North is now believed to be imminent.

The project is estimated to cost around £15m. A formal application for the "green light" from the Government was made some time ago.

Extensive track modernisation is now being carried out between

King's Cross and Sandy, north of Hitchin, part of the Eastern Region main line to Edinburgh. Signalling on that section is also being thoroughly up-dated.

The scheme is one of three major proposals for improving the approaches to London Bridge Station and a similarly-priced plan for resignalling at Fehnam to add to the efficiency of trains to Waterloo.

Col. W. H. Whitbread to retire

By Sandy McLachlan

THE chairman of Whitbread, Col. W. H. Whitbread, is to retire at the end of this year. He will be succeeded as chairman by the present chief executive, Mr. George Bennett.

This will be the first time since the brewing group was founded



Col. W. H. Whitbread

In 1742 the chairman has not been a member of the Whitbread family.

Col. Whitbread, who will be 71 in December, is the sixth successive direct descendant of the founder to hold the office of chairman, and the ninth Whitbread to hold the position.

Col. Whitbread has been with the group for 47 years. For 40 of these, he has been managing director or chairman. He handed over the managing directorship to Mr. Bennett in 1963.

The Colonel will not be leaving the Board altogether, however. He will become president of the company, and will remain on the Board as a non-executive director.

Commenting in the Whitbread annual report, issued yesterday, Col. Whitbread says: "I leave the management and chairman's job with the greatest confidence to my successor and the Board."

Mr. Bennett, 58, joined Whitbread in 1935 as an apprentice brewer. He transferred to the management side two years later, and moved to the board in 1951 when he was in the City just before the war.

He returned to Whitbread after the war, became managing director in 1949, and was appointed deputy chairman 10 years later.

Carburetter men put on short-time

By David Walker

MORE short-time working has been announced in the motor components industry where an estimated 10,000 people have gone on to a four-day week over the past fortnight in a bid to meet the demand for cars following the mini-Budget.

The latest casualty is Zenith Carburetter, which revealed last night that its 1,500 shop floor workers at Lewisham, Deptford, Stanmore and Wembley would start short-time operations from next Monday.

The major reason behind the move, the company stated, was a cutback in schedules by the major manufacturers in a bid to reduce stock levels.

Lt. Col. EVERARD BINGHAM HAMBR0, director of the Monagu Trust, the holding company controlling Samuel Montagu, the merchant bank, who died last March, left £202,220 gross, £17,714 net, according to his will published yesterday.

Lt. Col. Hambro, of Durrington House, Harlow, Essex, was also chairman of Cornely and Barrow, the City wine merchants, and a director of many other companies.

Truman Board split on bids

BY SANDY McLACHLAN

THE BOARD of Truman Hanbury Buxton is split almost right down the middle on the competing bids from Grand Metropolitan Hotels and Watney Mann. Five directors headed by the chairman Mr. D. A. Pease are supporting the Grand Metropolitan offer, currently worth around 440p a share. The other four directors headed by the managing director Mr. George Duncan, and including the two members of the Buxton family on the Board, are supporting the latest Watney Mann offer, on current share prices is worth between 465p and 470p a share.

Morgan Grenfell, who are financial advisers to Truman, have advised the Board that in view of the fluctuations in the share prices of Grand Metropolitan and Watney, too much importance should not be attached to the apparent current value of the two offers. Morgan's opinion is that there is little to choose between the two.

Wide open

This state of affairs throws the field wide open as between the two contestants, Grand Metropolitan has 13 per cent of the Truman shares, plus support of Whitbread's 11 per cent. Watney now has around 30 per cent, plus the probable support of the Buxton family holdings which are estimated at between 8 per cent, and 10 per cent. Grand Metropolitan has the official support of the Truman Board, but Watney has the support of a substantial minority.

It is not easy to classify the two sides of the Truman Board. But roughly speaking it seems as though the traditional brewing interests have opted for the Watney takeover rather than the Grand Metropolitan offer. And with one exception the Grand Metropolitan supporters are fairly recent arrivals to the Board.

Last night the leader of the Watney faction, Mr. Duncan, commented that the even break between the two sides indicated that the situation was finely balanced between the two alternatives.

"We take the view that the commercial advantages are on the Watney Mann side, since they will be able to make savings through rationalisation in addition to development potential," he said.

"All nine Board members regard the redundancy question as extremely important, but we think that previous estimates of redundancies under Watney are too high. We have had our own people look at this and we estimate a maximum of 100 compulsory redundancies by September 1972 out of a total workforce of 1,600."

Mr. Duncan added that shareholders who had invested in Truman had opted for a brewery industry stake, and they would be able to retain this undiluted if Truman went to Watney Mann.

The Watney Mann chairman, Mr. Michael Webster, revealed that Watney had offered to change its name to Watney Mann Truman if the bid were successful in order to emphasise the value which it put on Trumans as a trading name.

On the Watney decision to go ahead with its new offer—which was originally to be conditional on recommendation by the Truman Board—Mr. Webster said that they considered support of four of the directors sufficient.

Meanwhile, the identity of the big buyers of Watney Mann shares still remains an mystery. The Takeover Panel said in a statement yesterday that it was satisfied that these purchases of Watney Mann shares did not constitute associated deals in the context of the Truman bid and that they did not therefore have to be reported under the associate deals provisions of the takeover code.

However the panel did not investigate to the length of finding out who the principals involved were. It merely spoke to the brokers involved to make sure they were aware of all their responsibilities on disclosure, and is satisfied with the assurances it received.

The only thing which did emerge yesterday was the fact that the buying of Watney had been carried out by more than one party.

Executive's World Page 13
Long-range forecast Page 14

There are no finer springs than Springs by Riley

Robert Riley Ltd., Redditch, Walsley

Weather

U.K. TO-DAY
Most places will have a spells although parts of S. land to N. Ireland will be cloudy at times, perhaps occasional rain in places and fog patches.

A few showers are expected W. Scotland. S.W. parts of England and Wales will be more cloudy and there may be rain later.
London: S.E. England: Mild. Dry with sunny spells. S.E. light. Max. 21C (70F).
E. Anglia: E. England: Dry, sunny spells. Wind variable but sea breezes on S.E. moderate. Max. 20C (68F), but cooler coasts.

S.W. England: Channel Islands: Sunny periods, becoming cloudy with perhaps some rain later. Wind S.E. moderate. Max. 18C (64F).
Cent. S. England: S. Wales: Mostly dry, sunny spells, but some rather cloudy later. S.E. moderate. Max. 20C (68F).
N.W. and Cent. N. England: Dry with sunny spells, but light variable. Max. 18C (64F).
Ireland: Dry with sunny spells, but light variable. Max. 18C (64F).
N. Ireland: Dry with sunny spells, but light variable. Max. 18C (64F).

Rather cloudy, but occasional rain or drizzle, but periods Wind W. light. 18C (64F).
N.E. England: Borders: E. Scotland: Mostly dry, sunny periods, but rather cloudy at times. Wind light. Max. 17C (63F).
Cent. Highlands: Argyles: Sunny periods, but showers. Wind W. light. Moderate. Max. 15C (59F).
Edinburgh: Dundee: Sunny periods, mostly Wind W. moderate. Max. 18C (64F).
Glasgow: Mostly dry, sunny periods, but rather cloudy at times. Wind light. Max. 17C (63F).
N.W. Scotland: Sunny periods, but showers. Wind W. moderate. Max. 15C (59F).
Glasgow: Mostly dry, sunny periods, but rather cloudy at times. Wind light. Max. 17C (63F).
N.E. England: Borders: E. Scotland: Mostly dry, sunny periods, but rather cloudy at times. Wind light. Max. 17C (63F).
Cent. Highlands: Argyles: Sunny periods, but showers. Wind W. light. Moderate. Max. 15C (59F).
Edinburgh: Dundee: Sunny periods, mostly Wind W. moderate. Max. 18C (64F).
Glasgow: Mostly dry, sunny periods, but rather cloudy at times. Wind light. Max. 17C (63F).
N.W. Scotland: Sunny periods, but showers. Wind W. moderate. Max. 15C (59F).
Glasgow: Mostly dry, sunny periods, but rather cloudy at times. Wind light. Max. 17C (63F).
N.E. England: Borders: E. Scotland: Mostly dry, sunny periods, but rather cloudy at times. Wind light. Max. 17C (63F).
Cent. Highlands: Argyles: Sunny periods, but showers. Wind W. light. Moderate. Max. 15C (59F).
Edinburgh: Dundee: Sunny periods, mostly Wind W. moderate. Max. 18C (64F).
Glasgow: Mostly dry, sunny periods, but rather cloudy at times. Wind light. Max. 17C (63F).
N.W. Scotland: Sunny periods, but showers. Wind W. moderate. Max. 15C (59F).
Glasgow: Mostly dry, sunny periods, but rather cloudy at times. Wind light. Max. 17C (63F).
N.E. England: Borders: E. Scotland: Mostly dry, sunny periods, but rather cloudy at times. Wind light. Max. 17C (63F).
Cent. Highlands: Argyles: Sunny periods, but showers. Wind W. light. Moderate. Max. 15C (59F).
Edinburgh: Dundee: Sunny periods, mostly Wind W. moderate. Max. 18C (64F).
Glasgow: Mostly dry, sunny periods, but rather cloudy at times. Wind light. Max. 17C (63F).
N.W. Scotland: Sunny periods, but showers. Wind W. moderate. Max. 15C (59F).
Glasgow: Mostly dry, sunny periods, but rather cloudy at times. Wind light. Max. 17C (63F).
N.E. England: Borders: E. Scotland: Mostly dry, sunny periods, but rather cloudy at times. Wind light. Max. 17C (63F).
Cent. Highlands: Argyles: Sunny periods, but showers. Wind W. light. Moderate. Max. 15C (59F).
Edinburgh: Dundee: Sunny periods, mostly Wind W. moderate. Max. 18C (64F).
Glasgow: Mostly dry, sunny periods, but rather cloudy at times. Wind light. Max. 17C (63F).
N.W. Scotland: Sunny periods, but showers. Wind W. moderate. Max. 15C (59F).
Glasgow: Mostly dry, sunny periods, but rather cloudy at times. Wind light. Max. 17C (63F).
N.E. England: Borders: E. Scotland: Mostly dry, sunny periods, but rather cloudy at times. Wind light. Max. 17C (63F).
Cent. Highlands: Argyles: Sunny periods, but showers. Wind W. light. Moderate. Max. 15C (59F).
Edinburgh: Dundee: Sunny periods, mostly Wind W. moderate. Max. 18C (64F).
Glasgow: Mostly dry, sunny periods, but rather cloudy at times. Wind light. Max. 17C (63F).
N.W. Scotland: Sunny periods, but showers. Wind W. moderate. Max. 15C (59F).
Glasgow: Mostly dry, sunny periods, but rather cloudy at times. Wind light. Max. 17C (63F).
N.E. England: Borders: E. Scotland: Mostly dry, sunny periods, but rather cloudy at times. Wind light. Max. 17C (63F).
Cent. Highlands: Argyles: Sunny periods, but showers. Wind W. light. Moderate. Max. 15C (59F).
Edinburgh: Dundee: Sunny periods, mostly Wind W. moderate. Max. 18C (64F).
Glasgow: Mostly dry, sunny periods, but rather cloudy at times. Wind light. Max. 17C (63F).
N.W. Scotland: Sunny periods, but showers. Wind W. moderate. Max. 15C (59F).
Glasgow: Mostly dry, sunny periods, but rather cloudy at times. Wind light. Max. 17C (63F).
N.E. England: Borders: E. Scotland: Mostly dry, sunny periods, but rather cloudy at times. Wind light. Max. 17C (63F).
Cent. Highlands: Argyles: Sunny periods, but showers. Wind W. light. Moderate. Max. 15C (59F).
Edinburgh: Dundee: Sunny periods, mostly Wind W. moderate. Max. 18C (64F).
Glasgow: Mostly dry, sunny periods, but rather cloudy at times. Wind light. Max. 17C (63F).
N.W. Scotland: Sunny periods, but showers. Wind W. moderate. Max. 15C (59F).
Glasgow: Mostly dry, sunny periods, but rather cloudy at times. Wind light. Max. 17C (63F).
N.E. England: Borders: E. Scotland: Mostly dry, sunny periods, but rather cloudy at times. Wind light. Max. 17C (63F).
Cent. Highlands: Argyles: Sunny periods, but showers. Wind W. light. Moderate. Max. 15C (59F).
Edinburgh: Dundee: Sunny periods, mostly Wind W. moderate. Max. 18C (64F).
Glasgow: Mostly dry, sunny periods, but rather cloudy at times. Wind light. Max. 17C (63F).
N.W. Scotland: Sunny periods, but showers. Wind W. moderate. Max. 15C (59F).
Glasgow: Mostly dry, sunny periods, but rather cloudy at times. Wind light. Max. 17C (63F).
N.E. England: Borders: E. Scotland: Mostly dry, sunny periods, but rather cloudy at times. Wind light. Max. 17C (63F).
Cent. Highlands: Argyles: Sunny periods, but showers. Wind W. light. Moderate. Max. 15C (59F).
Edinburgh: Dundee: Sunny periods, mostly Wind W. moderate. Max. 18C (64F).
Glasgow: Mostly dry, sunny periods, but rather cloudy at times. Wind light. Max. 17C (63F).
N.W. Scotland: Sunny periods, but showers. Wind W. moderate. Max. 15C (59F).
Glasgow: Mostly dry, sunny periods, but rather cloudy at times. Wind light. Max. 17C (63F).
N.E. England: Borders: E. Scotland: Mostly dry, sunny periods, but rather cloudy at times. Wind light. Max. 17C (63F).
Cent. Highlands: Argyles: Sunny periods, but showers. Wind W. light. Moderate. Max. 15C (59F).
Edinburgh: Dundee: Sunny periods, mostly Wind W. moderate. Max. 18C (64F).
Glasgow: Mostly dry, sunny periods, but rather